YASAR UNIVERSITY
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DEPARTMENT OF BUSINESS

PHD THESIS

HOW SUSTAINABLE SUPPLY CHAIN STRATEGIES AFFECT SUPPLIERS

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2019 İZMİR.

PhD/PROFICIENCY IN ART THESIS JURY APPROVAL FORM

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ABSTRACT

HOW SUSTAINABLE SUPPLY CHAIN STRATEGIES AFFECT SUPPLIERS

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PHD Thesis, Business

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2019

Although there is a growing number of studies, which explore the strategic approaches of companies at the sustainable supply chain management (SSCM), none of these studies fully explain how these strategies are emerged in line with a theoretical perspective as well as what are the implications of implementing such diverse strategies on suppliers. The first purpose of this thesis is to investigate the underlying theoretical dynamics of selecting sustainable supply chain strategies (SSCS) based on the premises of institutional logics perspective. In line with an elaborate review of literature, the study theoretically identify the ideal types of three strategic approaches as (1) performance-oriented strategy for commercial logic, (2) risk avoidance-oriented strategy for public logic, and (3) collaboration-oriented strategy for social-welfare logic. As the second goal, the study also aims at finding out how these three strategic approaches affect the suppliers‟ relationship satisfaction and sustainability performance by considering the moderating impact of institutional duality and ethical value congruence between buyer and suppliers. Following a mixed methodology approach, the study conducted both interviews on a sample of 21 interviewees from nine suppliers to provide a basis of relevant strategies and practices for the subsequent step of process and a survey on a sample of 131 suppliers at a developing country context, Turkey to test the proposed study model on three theory-driven strategies and their impacts on suppliers. The findings of study reveal that survey results are in parallel with the interview and the study model developed in line with the theory-driven strategies reaches at a satisfactory model fit.

Keywords: ethical value congruence, institutional duality, institutional logics, sustainability, sustainable supply chain management, sustainable supply chain strategies

ÖZ

SÜRDÜRÜLEBİLİR TEDARİK ZİNCİRİ STRATEJİLERİ TEDARİKÇİLERİ NASIL ETKİLER

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2019

Sürdürülebilir tedarik zinciri yönetiminde şirketlerin stratejik yaklaşımlarını inceleyen çalışmaların sayısınında artış olmasına rağmen, bu çalışmaların hiçbiri bu stratejilerin teorik bir bakış açısıyla nasıl ortaya çıktığını ve tedarikçiler üzerinde bu kadar çeşitli stratejiler uygulamanın etkilerini tam olarak açıklamamaktadır. Mevcut çalışmanın ilk amacı, kurumsal mantık perspektifinin öncüllerine dayanarak sürdürülebilir bir tedarik zinciri stratejisi seçmenin altında yatan dinamikleri araştırmaktır. Çalışma, ayrıntılı bir literatür taraması doğrultusunda, teorik olarak ideal üç stratejik yaklaşım türünü tanımlamaktadır. (1) ticari mantık için performansa yönelik strateji, (2) kamu mantığı için riskten kaçınma odaklı strateji ve (3) sosyal refah mantığı için işbirliğine yönelik strateji. İkinci hedef olarak, çalışma aynı zamanda bu üç stratejik yaklaşımın, alıcı ve tedarikçileri arasındaki kurumsal ikilik ve etik değer uyumu üzerindeki moderatör etkisini göz önünde bulundurarak, tedarikçilerin ilişki memnuniyetini ve sürdürülebilirlik performansını nasıl etkilediğini bulmayı da amaçlamaktadır. Karma yöntem yaklaşımını takiben, çalışma tedarikçi konumundaki dokuz şirketten toplam 21 kişi ile görüşmeler yapmış ve önerilen çalışma modeli hem teoriye dayalı üç strateji kapsamında hem de tedarikçiler üzerindeki etkilerini test etmek amacıyla, gelişmekte olan bir ülke olarak Türkiye‟de 131 tedarikçiden oluşan bir örneklem ile anket çalışması yürütmüştür. Çalışmanın bulguları, anket sonuçlarının görüşme sonuçları ile paralel olduğunu ve çalışma modelinin tatmin edici bir model uyumuna ulaştığını ortaya koymaktadır.

Anahtar Kelimeler: etik değer uyumu, kurumsal ikilik, kurumsal mantık, sürdürülebilirlik, sürdürülebilir tedarik zinciri yönetimi, sürdürülebilir tedarik zinciri stratejileri

ACKNOWLEDGEMENT

I am initially grateful to my thesis advisor - Assoc. Prof. Duygu Türker Özmen -for her immense experience, consistent guidance, motivation and enthusiasm in which helped me successfully accomplish this PhD thesis. Her invaluable feedbacks have enlightened me and kept me on the right track throughout the study. I would also like to thank her for her friendship, empathy, and great sense of humor. I know I cannot say enough good things about her, but I could not have had a better advisor.

I would like to thank my thesis committee members Assoc. Prof. Çimen Karataş Çetin and Assist. Prof. Feride Deniz Zaptçıoğlu Çelikdemir for their insightful comments at each meeting.

I would like to thank the Aegean Exporters' Association and its Secretary General, İ. Cumhur İşbırakmaz for their sincere support throughout the study, in particular for data collection process. I would also like to thank Balıkesir Chamber of Industry and its Secretary General M. Engin Akyüz for their support.

I must admit that I lost my faith at times, but my family has always believed in me. Therefore, I would like to thank my mother, my father and my sister for their enduring love and endless support. None more so than my precious husband, Emre Bekki. He is my hero and always provides me unconditional love and support. This study would have been impossible without their encouragement.

Narin Bekki

İzmir, 2019

TEXT OF OATH

I declare and honestly confirm that my study, titled "HOW SUSTAINABLE SUPPLY CHAIN STRATEGIES AFFECT SUPPLIERS" and presented as a PhD Thesis, has been written without applying to any assistance inconsistent with scientific ethics and traditions. I declare, to the best of my knowledge and belief, that all content and ideas drawn directly or indirectly from external sources are indicated in the text and listed in the list of references.

Narin Bekki

Signature

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December 23, 2019

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LIST OF ABBREVIATIONS

CSR	: Corporate Social Responsibility
EP&L	: Environmental Profit and Loss
ETI	: Ethical Trading Initiative
EU	: European Union
EUTR	: European Union Timber Regulation
FISP	: Furniture Industry Sustainability Programme
FSC	: Forest Stewardship Council
GSCM	: Green Supply Chain Management
IATF	: International Automotive Task Force
IBM	: International Business Management
ILO	: International Labor Organization
ISO	: International Organization for Standardization
MNEs	: Multinational Enterprises
MNC	: Multinational Corporations
NGO	: Non-Governmental Organizations
OEM	: Original Equipment Manufacturer
OHSAS	: Occupational Health and Safety Standard
SAC	: Sustainable Apparel Coalition
SC	: Supply Chain
SCM	: Supply Chain Management
SDGs	: Sustainable Development Goals
SEDEX	: Supplier Ethical Data Exchange
SSCM	: Sustainable Supply Chain Management
SSCS	: Sustainable Supply Chain Strategies
TBL	: Triple Bottom Line
UN	: United Nation
VDA	: German Association of the Automotive Industry
WWF	: World Wildlife Fund

INTRODUCTION

Although most companies have spread their operations towards developing countries during the last decades, this strategic move provides both opportunities and challenges (Oehmen et al., 2010). While companies can take the advantage of low-cost production or favorable legal conditions by expanding their global supplier networks, ensuring sustainability across these suppliers has become a major drawback for them. The paradoxes, tensions, and tradeoffs to reduce costs and ensure sustainability become more apparent between the suppliers from emerging countries and their Western buyers (Xiao et al., 2019). The companies with greater market power involve sustainability into their supplier-selection criteria (Venkataraman and Pinto, 2018, 380) and expect full compliance from their suppliers (Turker and Altuntas, 2014) and sub-suppliers (Grimm, Hofstetter, and Sarkis, 2018) to their early promises. However, the tragedies such as the collapse of Rana Plaza in Bangladesh (Williams, 2013) or the most recent allegations about using prisoners for doing manufacturing of global brands in China (Bain, 2018) etc. show the difficulty and complexity of reaching a common sustainability targets among suppliers. Therefore, companies have pursued diverse strategies in order to ensure their suppliers‟ compliance to the principles of sustainability and social responsibility (Akhavan and Beckmann, 2017; Leire and Mont, 2010; Maignan, Hillebrand, and McAlister, 2002).

The growing literature on sustainable supply chain management (SSCM) provides valuable insights on which type of sustainable supply chain strategies (SSCS) are frequently used by companies. Despite the recognition on the impact of external factors or stakeholders on such strategy choices, the studies do not fully explain the interaction between factors and strategies in the light of a theoretical perspective. The absence of theoretical background is a major shortcoming of existing SSCM research since “empirical research…needs to build on a stronger theoretical basis” (Seuring and Müller, 2008: 1706). We need to view reality from a theoretical perspective since “theories put phenomena into meaningful systems” by providing a pattern of conceptual organization based on the observed properties of these phenomena (Van de Ven, 2007: 104). Therefore, the first and foremost objective of this study is to address this gap in the literature by exploring the underlying theoretical dynamics of selecting a SSCS based on the institutional logics perspective. In line with an elaborate review of literature, the study theoretically

identify the ideal types of three strategic approaches as (1) performance-oriented strategy for commercial logic, (2) risk avoidance-oriented strategy for public logic, and (3) collaboration-oriented strategy for social-welfare logic.

Despite the fact that companies earmark a considerable amount of resources and deploy diverse set of capabilities to improve sustainability at supply chain management (SCM), the success level varies from companies to companies and over years. The growing number of studies in the literature endeavor to find out the underlying factors behind these variability in SSCM implementation in the nexus of motivators/enablers and barriers/disablers. While government regulations, adoption of green practices, innovation, organization competitiveness, strategic supplier collaboration, internal pressures, institutional pressures, social values and ethics, corporate strategy and commitment, adoption of safety standards, community economic welfare, health and safety problems, the availability of sustainable technologies, effective law enforcement and control over the supply chains, economic and political stability, and so on are revealed as motivators/enablers (Ansari and Kant, 2017a: 2534; Dubey, Gunasekaran, Papadopoulos, Childe, Shibin, and Wamba, 2017; Diabat, Kannan, and Mathiyazhagan, 2014; Ahmad, Rezaei, Sadaghiani, and Tavasszy, 2017); lack of information and transparency, absence of training and expertise, supplier in-competencies, cost implications, lack of top management commitment, shortage financial resources, complex in design to decrease consumption of resources and energy, insufficient facility for adoptions of reverse logistic practices, lack of IT implementation (Ansari and Kant, 2017a: 2534) are considered as the barriers of SSCM implementation. In addition to this, the study of Stindt (2017) which develops a holistic planning approach for sustainable supply chain management proposes that companies which are forced by competitive, legislative and customers' pressures are expected to take sustainability aspects of value creation into consideration because they „induce a new set of challenges within decision-making". Considering the role of such enablers and disablers on the link between a company"s strategic approach at SSCM and suppliers-side outcomes, the current study attempts to investigate how performance-oriented, risk avoidance-oriented, and collaboration-oriented SSCS affects suppliers" relationship satisfaction and sustainability performance in line with the impact of two moderating variables as institutional duality and ethical value congruence. While institutional duality refers to

a situation when a supplier needs to comply with “two distinct sets of isomorphic pressures” from its buyer organization and host country with “its own institutional patterns specific to that domain” to maintain legitimacy at both contexts (Kostova and Roth, 2002: 216), ethical value congruence describes a situation to which extent a buyer organization and its supplier “have beliefs in common about what behaviors, goals and policies are important or unimportant, appropriate or inappropriate, and right or wrong” (Wang and Zhang, 2016: 2-3).

The study conducted both interviews on a sample of 9 suppliers of Multinational Corporations (MNCs) operating at textile, furniture and automotive industries to explore “a contemporary phenomenon within some real-life context” (Yin, 2002: 1) with the aim of providing a basis of relevant strategies and practices for the subsequent step of process and a survey on a sample of 131 suppliers at a developing country context, Turkey to test the proposed model on three theory-driven strategies and their impacts on suppliers. The findings of study reveal that survey results are in parallel with the interview and the study model in line with the theory-driven strategies reaches at a satisfactory model fit for each dependent variable (i.e. relationship satisfaction and sustainability performance)**.** When the hypothesis results are evaluated within the scope of the current study, two noteworthy findings come to the fore. Firstly, the results demonstrate a positive and significant effect of performance-oriented strategic approach of buyer organization on the sustainability performance of supplier.When ethical value congruence is included as a moderator, the effects of this strategic approach on the sustainability performance further strengthen. Secondly, while the results showed no significant effects of collaboration-oriented strategy on sustainability performance, value congruence between buyer and supplier reverses the situation and moderates the proposed link between collaboration-oriented strategies and sustainability performance. The study fills several gaps in the literature. First, it provides a valid and reliable measurement on SSCS that can be used by practitioners and scholars in the future. Moreover, since the study enables to assess the effectiveness of each strategic approach from the perspective of suppliers, companies can find out the impact of their strategic approaches on the compliance and commitment of suppliers to the corporate sustainability approach.

The thesis is organized into four main chapters and a conclusion section.

Following the introductory section on a snapshot of the general framework of the study, the first chapter focuses on the evolution of SSCM and SSCS. In the light of a historical background, conceptual framework of sustainable supply chain management and sustainable supply chain strategies is reviewed. The chapter also discusses the nature of focal company and supplier relationship in terms of problems and conflicts.

The second chapter starts with a systematic literature review on SSCS and draws attention to the absence of theoretical perspective in the extant studies. The institutional logics perspective which provides the necessary theoretical backbone to explore the underlying dynamics of selecting a SSCS is discussed in this regard. The study integrates the institutional logics perspective into the SSCM context in order to develop a deeper understanding on the full nature of SSCS and presents three ideal types of institutional logics at SSCM: commercial logic, public logic and social welfare logic.

The third chapter analyzes the implications of sustainable supply chain strategies driven by the aforementioned institutional logics and develops hypotheses in order to measure the effects of performance-oriented, risk avoidance-oriented, and collaboration-oriented SSCS on suppliers‟ relationship satisfaction and sustainability performance in line with the impact of two moderating variables as institutional duality and ethical value congruence.

The fourth chapter introduces the research methodology which employs a mixed method approach by integrating both qualitative and quantitative methods in the current study. The findings which are derived from the semi-structured interviews and the hypothesis testing via partial least squares structural equation model technique, are analyzed.

The study is concluded with a discussion on the main findings and presents theoretical insights for researchers and implications for practitioners. The limitations which enable the advancement of future research effectively are presented as well.

CHAPTER 1

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

1.1. A Brief History and Conceptual Framework

Although the introduction of the concept of supply chain management (SCM) traces back to the early 1980s (Ahi and Searcy, 2013: 330), the policies of Adam Smith on the specialization of labor and then corporations which prompted the significant part of the industrial revolution, created the need to build up specific supplier and distribution channels. Thus, the initial implications of supply chains arose in the early economics literature. Furthermore, the most notorious practices in managing supply chains such as lean and just-in-time (JIT) manufacturing which were based on the endeavor of Henry Ford to vertically integrate the automotive supply chain appeared in the management literature in the early 20th century. Nevertheless, a rudimentary approach of SCM in that period of time, by virtue of its purpose to enhance operational efficiency and minimize waste, merely focused on economic reasons (Sarkis, 2011:2). As a matter of fact that the approach of SCM is based on the dependencies between levels in channels from the point of origin referring to suppliers or manufacturers, to the point of consumption referring to consumers, customers or end-users (Svensson, 2007: 263). SCM which has received considerable attention since the early 1990s, has focused primarily on managing flows of materials, services, and information. The broadened focus in research elicited that there is a clear need for coordination within and between firms in order to manage the previously noted activities. Concomitantly, satisfying stakeholder needs, in particular those of customers are highlighted. Recent research on the concept of SCM revealed that additional aspects such as risk, performance, integration, management of internal and external relationships, and governance of supply networks are prominently featured. Distinctive features of SCM thereby provide ample opportunities for organizations to create value, improve efficiency, and increase overall performance in the supply chain echelons (Ahi and Searcy, 2013: 330).

However, there have been concerns about the appropriateness of the extant theoretical and managerial boundaries of SCM and several arguments were thus

proposed to extend it. Indeed, while one hand averting the risks and dangers arising from „myopic perspective-view" to SCM, other hand applying a broader approach to SCM might make a significant contribution accomplish sustainable supply chains (Svensson, 2007: 262-3).

Certain research areas, particularly SCM, prioritize the impacts and implications of sustainability on traditional assumptions and practices. Although knowning that sustainability and SCM which are two different concepts, independently have remained a subject of heated debates over the last two decades; the increasing integration of sustainability into SCM proves that an evolving area in which there are clear interactions. Furthermore, the concepts of sustainability and SCM are connected more closely with the two terms, which are green supply chain management (GSCM) and sustainable supply chain management (SSCM) (Ahi and Searcy, 2013: 329-330). According to Ahi and Searcy (2013: 339), green considerations embedded into SCM practices initiated the integration of sustainability into SCM and the number of published papers which study GSCM has thus increased considerably over time. Nevertheless, the integration of social aspect in the supply chain has started to arise since 2002. Irregular figures on the social dimension uncovered that there has been a clear deficiency in supply chain management literature in terms of both social issues and integration of all three dimensions of sustainable development (Seuring and Müller, 2008: 1702). From then onwards, in line with the growing momentum on GSCM, research in the area of SCM has gained a more holistic view; however, integration of sustainability into SCM perpetuates to widen in terms of research (Ahi and Searcy, 2013: 340).

Sustainable development, the most commonly used quotation of the Brundtland Commission, is defined as utilizing resources in order to ensure that it "meets the needs of the present without compromising the ability of future generations to meet their own needs." (Report of the World Commission on Environment and Development: Our Common Future, 1987: 7). Such a broad definition includes an understanding the environmental consequences of economic activities in both developing and industrialized countries, achieving global food security, ensuring the fulfillment of essential human needs, securing the preservation of non-renewable resources (Carter and Rogers, 2008: 363). Following the publication of the Brundtland Report, the concept of sustainable development which

includes the embedment of environmental thinking into every aspect of social, political, and economic activity, has exacerbated the environmental debate (Elkington, 1994: 90). Nevertheless, organizations find it difficult to apply the „macro-economic and societal perspective" of sustainability into practice since „the far reaching definition" provides little in the way of guidance regarding the identification of future versus present needs, determination of the technologies and resources required to fulfill those needs, and comprehension of balanced distribution of organizational responsibilities among stakeholders including shareholders, employees, other organizations in the supply chain, and even society and environment in a broader sense (Carter and Rogers, 2008: 363).

Contrary to the ambiguities surrounding the definition above, as previously noted, a broadened approach of SCM which should simultaneously emphasize economic, environmental and social aspects of business practices and theory, is required for SSCM (Svensson, 2007: 263). As a matter of fact that most SCM definitions derive from the so-called triple bottom line (TBL) perspective of sustainability rather than the Brundtland Report. The sustainability perspective which distinguishes economic, environmental and social dimensions could only be accomplished at the intersection of all three dimensions. Companies should therefore endeavor to perform well on an integrated perspective of the TBL (Meckenstock, Barbosa-Póvoa and Carvalho, 2015). Moreover, sustainability issues in a corporate context should concentrate on all three dimensions of the triple bottom line while meeting the needs of key stakeholders and embracing a long-term perspective (Ahi and Searcy, 2013: 330).

The term „triple bottom line" coined by Elkington in 1994 gained momentum in the late 1990s; in fact, the growth trend between 1999 and 2001 brought a wider realization on that an integrative approach to the social and economic dimensions of the agenda would have to be developed in case environmental dimension was to be improved. In addition to this; key drivers of the TBL agenda, the fluctuations in societal pressures on business, the features of different business models, and the implications of government would have to be addressed in this regard (Elkington, 2004: 1-2). Other aspects of sustainability including risk management, transparency, strategy, and culture which are frequently found in the sustainability literature, also underpin all facets of the triple bottom line (Carter and Rogers, 2008: 365).

The notable study of Meckenstock et al. (2015) on the progress of sustainable supply chain management highlights the gap between existing abstract ideas and empirical evidences of sustainability practices. Having knowledge of how understanding and implementation of sustainability transforms across the supply chain would pave the way for developing strategies which are effective for sustainable supply chains. According to the study, the crux of SSCM refers to value laden trade-offs which evolve between people and planet over time; namely, there are no effortless win-win situations in terms of sustainability. Therefore, developing a holistic approach to the complex interactions between environmental and social impacts is the only way to manage successfully sustainable supply chain practices. However, unlike traditional methods, this holistic approach must be coped differently with. In this regard, each company in a supply chain is expected to handle sustainability issues by developing different sustainable supply chain strategies such as performance-oriented strategy, risk avoidance-oriented strategy, collaboration-oriented strategy, and so forth. As a result, while building a shared understanding of sustainability across the whole supply chain, it is required to tackle more issues, take more actors into consideration and develop long-term strategies. Besides, in order to improve its sustainability performance, a company should intertwine its sustainability initiatives with its corporate strategy/vision instead of managing them independently since true sustainability only accomplishes at the intersection of all three dimensions and involves multiple activities in which social, environmental, and economic goals are comprehensively integrated in developing strategic vision and long-term strategic objectives (Carter and Rogers, 2008: 367-8). For example, in its annual sustainability report, H&M (H&M Group Sustainability Report, 2018: 6-13) incorporates its vision into the sustainability strategy which is built on three key ambitions: „100% leading the change, 100% circular & renewable, 100% fair & equal" and describes its sustainability vision as „use its size and scale for good, and with the help of technology and innovation, lead the change towards circular and renewable fashion while being a fair and equal company". In order accomplish its sustainability vision; the company has developed an ambitious strategy with the support of a wide range of external and internal experts.

1.2. Nature of Supplier and Company Relationship

As to the nature of supplier and company relationships in the sustainable supply chain management, it seems that the focal company puts more emphasis on the supply chain than needed due to its economic considerations. For this reason, the company generally transfers the pressure to suppliers when it is pressured. Barriers and supporting factors in which support or impede the cooperation with suppliers, come to the fore as one distinctive feature of sustainable supply chain management in this regard. Therefore, companies could therefore apply two different - but complementary - strategies including "supplier management for risks and performance and supply chain management for sustainable products" in order to cope with such issues (Seuring and Müller, 2008: 1703). In a similar vein, Dubey at al. (2017: 7-9) classified various SSCM enablers (e.g., supply chain collaboration) and their respective measures (e.g., trustful supplier partnership) inside and outside the company, which facilitate the development of SSCS.

Since sustainability problems are likely to emanate from indirect supplier relationships as part of the extended supply chain; the current level of analysis in the SCM which only focus on dyadic relations must be extended to higher levels encapsulating network or stakeholder analysis. In fact, Miemczyk, Johnsen and Macquet (2012: 484-491) proposed to analyze SSCM at three levels including the dyad, chain and network. Although relationships with different network actors and stakeholders are prerequisite for sustainability (e.g., for „effective implementation of codes of conduct"), there are limited studies which adopt sustainability at the network level and even the terms network and supply chain are often used interchangeably. Furthermore, the sustainability studies which put into a network perspective pointed out that companies are required to understand the embeddedness of their companies and suppliers within wider stakeholder networks since only internal or dyadic level relationships are considered in reality.

However, despite the endeavor to conceptualize SSCM, all these initiatives fall behind. The definition developed in the study of Seuring and Müller (2008: 1700) will pave the way for the current study. Based on the TBL framework, the authors define SSCM as "…the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e. economic,

environmental and social, into account which are derived from customer and stakeholder requirements".

A growing number of studies on SSCM that are captured the very essence of which types of sustainability strategies are adopted by companies are particularly noteworthy. However, none of these studies ground the emergence of such strategies on a sound theoretical base, that is, they are not theory-driven. The absence of theoretical perspective prevents drawing definitive conclusions on the complex and dynamic interaction throughout the process of formulation and implementation of SSCS. Therefore, the first objective of the current study is to explore the underlying dynamics of selecting a SSCS based on the institutional logics perspective. The second and complementary aim of study is to investigate how performance-oriented, risk avoidance-oriented, and collaboration-oriented SSCS affects suppliers" relationship satisfaction and sustainability performance in line with the impact of two moderating variables as institutional duality and ethical value congruence.

In order to lay the groundwork for the following literature review on SSCM, definitions of the main concepts which will be frequently emphasized throughout the study are presented as follows:

- Sustainability: "…preservation of nature and its resources; progress in the development of mankind; and societal fairness and equity in all trade-offs between the first two ideas, especially from a long-term perspective." (Meckenstock et al., 2015).
- Sustainable development: "…ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs."(WCED, 1987:7)
- TBL: "…the TBL agenda focuses corporations not just on the economic value that they add, but also on the environmental and social value that they add – or destroy." (Elkington, 2004: 3).
- SSCM: "…the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e. economic, environmental and social, into account which are derived from customer and stakeholder requirements." (Seuring and Müller, 2008:1700).

CHAPTER 2

HOW INSTITUTONAL LOGICS SHAPE THE SUSTAINABLE SUPPLY CHAIN STRATEGIES: A THEORY-DRIVEN TYPOLOGY

2.1. Sustainable Supply Chain Strategies (SSCS)

SSCM can be defined as "…the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e. economic, environmental and social, into account which are derived from customer and stakeholder requirements" (Seuring and Müller, 2008: 1700). Managing such complex tasks and relationship in line with the sustainability goals is much beyond "an operational scope of activity" and needs developing a strategy for sustainable supply chain (Cetinkaya, 2011: 17-18) by "charting how to achieve a company"s objectives, and adjusting the direction and methods to take advantage of changing circumstances" (Faulkner and Campbell, 2009: 2). While SSCM itself can be viewed as a combination of strategies to address social pressures and regulations (Chen et al., 2018), developing a SSCS helps companies to identify their priorities on social and environmental issues (Miemczyk and Luzzini, 2019). Therefore, a SSCS can be defined as *a future-oriented corporate approach on how sustainability should be managed across the supply chain by addressing the social, economic, and environmental needs of stakeholders*.

2.2. Literature Review: Frameworks of SSCS

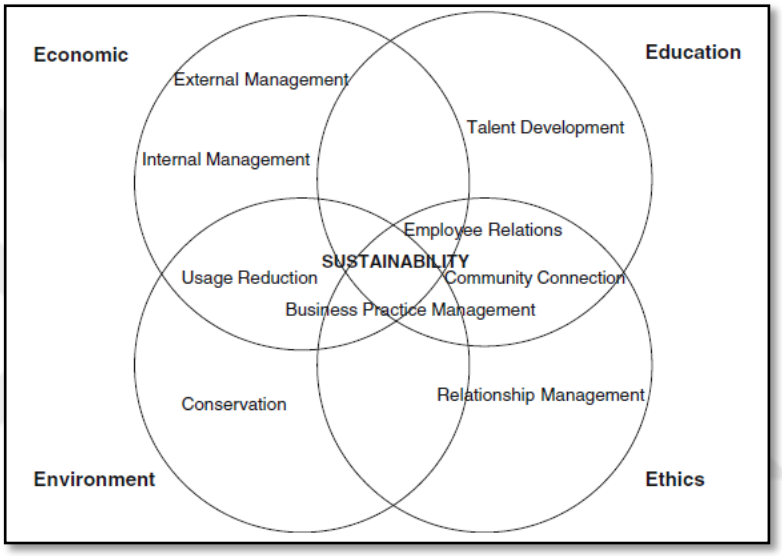
The growing literature on SSCM provides studies on exploring how to formulate a SSCS as well as distinguishing strategies and practices based on frameworks. The former group involves studies that focus on the formulation of a strategy for green/sustainable SCM by using methods such as fuzzy multi-objective optimization, analytic hierarchical process, and clustering (Gracia and Quezada, 2016), fuzzy analytical network process (Malviya, Kant, and Gupta, 2018). On the other hand, the latter elicits an array of studies from existing and new frameworks to distinguish diverse strategies at SSCM context. For instance, the study of Gosling et

al. (2016) takes learning and leadership perspectives to identify how focal companies lead and disseminate sustainability practices in their supply chain. Based on a systematic literature review, which identifies four dimensions (SSCM governance, supply chain learning, supply chain leadership and SSCM performance), the study reveals three types of strategies in an ascending order as *reactive* by indicating a risk-oriented approach, *contributive* by recognizing the strategic impacts of involving in proactive initiatives based on existing knowledge, and *proactive* by giving strategic priority to SSCM with investing in innovation. As a popular framework of sustainability, the triple bottom line approach has been frequently used by the scholars to assess SSCS among companies (Martins and Pato, 2019). While social dimension is underrepresented across these overlapping studies (Ashby, Leat, and Hudson-Smith, 2012; Tachizawa and Wong, 2014; Rajeev et al., 2017; Martins and Pato, 2019), there are only a few studies that analyze all three aspects of sustainability comparatively (Rajeev et al., 2017). However, the review of literature from system thinking reveals that SSCM-related system dynamics integrate the social and environmental dimensions as well as the governmental or customer pressures (Rebs, Brandenburg, and Seuring, 2019) and both social and environmental SSCS affect social and environmental sustainability through the implementation of relevant practices (Miemczyk and Luzzini, 2019). Based on the analysis of public documents and websites of global companies, as seen in Figure 1, Closs, Speier, and Meacham (2011) provide a framework which is closely overlapping with TBL by including the dimensions of economic, education, environment, and ethics and suggest the categories of initiatives at each dimension (e.g. external management at economic dimension, talent development at education dimension, conservation at environment, relationship management at ethics, and usage reduction or employee relations at the intersects etc.).

Based on an extensive literature review, Seuring and Müller (2008) propose a conceptual framework for SSCM, which identifies two *norm strategies* as „supplier management for risks and performance" and „SCM for "sustainable" products" (Seuring and Müller, 2008: 1703). The authors posit that the companies pass the external pressures and incentives from stakeholders such as customers, governments, or NGOs to their suppliers and address these sustainability-related concerns by following these two complementary strategies. While the first strategy is seen as a response to supplier-related barriers and supporting factors (e.g. cost, coordination,

communication) by using environmental and social standards to avoid related risks and increase overall supply chain performance, the latter *extends beyond* the use of such standards by involving in a life-cycle assessment to produce sustainable products to satisfy the customers (p. 1704-1705). Therefore, while the first strategy mainly involves activities for supplier evaluation (setting criteria and standards for supplier), the second strategy highlights the practices such as increasing communication or supplier development.

Figure 1. Dimensions of sustainability



Source: Closs, Speier, and Meacham, 2011: 104

Following Seuring and Müller‟s two norm strategies (2008), Harms, Hansen, and Schaltegger (2013) investigate two strategic approaches for SSCM as *risk-oriented* and *business-oriented approach*. While the former strategy is associated with evaluating and selecting suppliers based on the pre-specified criteria in order to reduce risks and improve reputation, the latter indicates the supplier development to offer sustainable products. In a similar vein, Turker and Altuntas (2014) conceptually map the SSCM practices deriving from the extensive literature review of Seuring and Müller (2008) based on the content analysis of fast fashion companies‟ sustainability reports. Although Seuring and Müller (2008) merge risk avoidance and performance management as an integrated construct, the authors distinguish them and provide three groups as *risk management*, *performance management*, and *life-cycle*

assessment by connecting these dimensions with the company‟s code of conduct (Turker and Altuntas, 2014). Therefore, while the content of risk management and life cycle assessment overlaps with Seuring and Müller‟s (2018) risk management and SCM for sustainable products, performance management involves activities that aim to improve the overall SSCM performance in terms of quality, speed, flexibility, dependency, costs etc. The study finds that a company‟s code of conduct, which is derived from various international declarations and agreements, establishes the heart of management system to select the right suppliers and sustain the long-term relationship with them.

Drawing from the literature, Beske and Seuring (2014) identify the categories of SSCM based on three hierarchical levels of *strategic values*, *structure*, and *processes* and describe the relevant practices for each category. As the first category, orientation toward SCM and sustainability is located on the level of strategic values and encompasses the dedication of company to TBL and SCM perspectives. Continuity, which is situated on the second level, focuses on how SSCM is structured by selecting and developing partners and building a long-term relationship. Risk management and proactivity are on the processes level; while the former aims at reducing risks by adopting standards (such as company‟s code of conduct), monitoring suppliers and following the reactions of pressure groups, the latter is about being proactive at SSCM by promoting innovation, learning, stakeholder management, life-cycle assessment. As the last category, collaboration is placed at both second and third levels and involves the practices to encourage collaboration by enhancing communication, logistical integration, technological integration, and joint development.

In addition to these comprehensive frameworks, some studies focus on one component of above-mentioned dimensions or list SSCM practices. For instance, after identifying the sustainability-related risks, Giannakis and Papadopoulos (2016) mentions six steps to develop a SCS risk management process as risk identification, assessment, analysis, treatment, and monitoring; according to authors, the companies can follow four responses at the treatment stage as avoid, control, share, and retain based on the drivers of sustainability-related risks, sustainability values of company, and cost of implementation. The studies in the literature have also provided SSCM-related practices with aligning them underlying motives [e.g. instrumental, relational, moral motives (Paulraj, Chen, and Blome, 2017)] or orientations [e.g. environmental,

societal, cultural/preservation, and local community orientation (Mariadoss et al., 2016)].

It can be noticed that there are overlapping themes/contents of strategies across studies. All studies group similar practices and categorize them under same/overlapping titles. In their study, Ansari and Kant (2017b) analyze these framework development attempts in the SSCM literature. Deriving from 92 frameworks, the findings of study show that while the majority of frameworks (85.86%) are novel, only 57.61% of 92 frameworks are verified through survey, case study, or focus group etc. The study reveals that regulatory pressures/legal requirements, risk management, information transparency, green purchasing, environmental management, supply chain collaboration etc. are the most frequently used constructs across these studies (Ansari and Kant, 2017b). Although all these frameworks are viewed as the foundation of SCM theory building (Soni and Kodali, 2013), the authors suggest that there is a need for the development of more generic and high quality framework that is "theoretically sound in its application" (Ansari and Kant, 2017b: 887).

Although they have captured the very essence of which types of sustainability strategies are adopted by companies, the aforementioned studies are not theory-driven. The absence of theoretical perspective prevents drawing definitive conclusions on the complex and dynamic interaction between the external factors and organizational strategic responses and subsequent practices/actions. For instance, although it highlights how strategies are formed as a response to the external pressures and incentives, the conceptual framework of Seuring and Müller (2008) does not clearly imply the causality of relationship between such external factors and strategic responses on a theoretical ground. Although the strategy for producing sustainable product is presented as a response to customer demand, the line of inquiry in between the strategies for avoiding risks or increasing performance and one of these external factors/ stakeholders is rather weak; it is stated that this strategy is triggered by the barriers or opportunities along the supply chain without explaining them explicitly. On the other hand, the study of Harms, Hansen, and Schaltegger (2013) emphasizes the external drivers at the regulatory, market, and societal levels by linking the regulators and press/media with the risk-oriented strategy, customers/consumers with opportunity-oriented strategies without providing a

theoretical ground. Moreover, although it indicates that the corporate mindset on TBL and SCM can shape how SSCM is structured and processed along the supply chain, the framework of Beske and Seuring (2014) neglects these interactions across the levels too. Therefore, it is not clear how a particular external factor such as governmental regulations or customer expectations affect company and then lead it to take a specific action on ensuring their suppliers‟ compliance.

Another drawback of studies in the literature is their lack of interests to some company goals. Although the strategy of SCM for sustainable product (Seuring and Müller, 2008), life cycle assessment (Turker and Altuntas, 2014) or proactivity (Beske and Seuring, 2014) builds on the overlapping practices of communication, coordination, learning, training, or innovation, the ultimate objective in each of them is linked with a business-related outcome such as increasing customer satisfaction (Seuring and Müller, 2008), improving suppliers‟ performance or leading product and process innovations (Harms, Hansen, and Schaltegger, 2013). Pagell and Shevchenko (2014: 47) state that "…in the SSCM literature there is broad, albeit often implicit acceptance of the supposition that profits are the ultimate gauge of supply chain performance". This overall treatment of SSCM literature on prioritizing economic sustainability over social and environmental sustainability has omitted any attention to the existence of some overarching goals such as improving societal welfare or protecting the nature. However, the growing literature on corporate social responsibility (CSR) reveals that companies can go beyond the business-case for CSR perspective and involves more altruistic initiatives to their agenda. In their study, Van Tulder, Van Wijk, and Kolk (2009) propose four CSR approaches as in-active, re-active, active, and pro/interactive to represent diverse level of CSR involvement at SSCM. According to the authors, a pro/interactive CSR approach is built on the interactive business practices including external stakeholders into process and often implies "medium-term profitability and longer-term sustainability, not only for themselves but also for the whole sector, their supply chains and sometimes even for the whole economy (adding a welfare orientation to a company‟s aims)" (Van Tulder et al., 2009: 402). Many companies monitor their supply chain activities by considering the importance of good stakeholder relationship or follow fair trade movement etc. (Vachon and Mao, 2008) or adopt voluntarily green initiative without any regulatory pressures (Clemens and Douglas, 2006). In the face

of United Nations‟ 2020 Sustainable Development Goals (SDGs), which calls companies to collaborate with other organizations, many companies follow strategies that are not directly linked with their performance results. For instance, Stella McCartney‟ initiative on utiziling innovative materials rather than leather, fur, virgin cashmere or virgin polyester is actually a step-back in the performance of company in the short-run, but the company states that "We believe the way to be a modern business is to truly understand the impact we have on the environment. We will continue to use the Environmental Profit and Loss (EP&L) tool each year so that we can put more sustainable actions into place to create a business that works with the environment rather than against it." (Stella McCartney, 2019). The brand which embraces an ethical stance in its all operations works together with NGOs, other brands and industry organizations in order to make fashion more sustainable, protect ancient and endangered forests and measure its environmental impact. In fact, pioneering the campaign on climate change, the company - along with fashion brands and industry organizations - signed the United Nations Fashion Industry Charter for Climate Action with the aim of reducing environmental impact (Beger, Bekki, and Sağlam, 2019). In a similar fashion, Interface endeavors to create a truly sustainable supply chain by moving beyond the improvement of designed spaces; that is, after being achieved reducing its negative impact on the environment with its Mission Zero, the global flooring manufacturer set a higher standard with a new mission on „Climate Take Back‟ in which reverses the global warming, and then invited the industry to participate in them (Interface, 2019). In their study, Paulraj, Chen, and Blome (2017) distinguish the motives of SSCM as instrumental, relational, and moral reasons. While the former two are about self-interest of company and relationships among group members, respectively, moral motive is related with ethical standards and moral principles of organizations. Despite the overall assumptions on the dominance of instrumental motives at SSCM, the findings of study, which is based on a sample of 259 German companies, find that relational and moral motives are main drivers of SSCM activities. Therefore, it can be stated that guardrail values, which define the concept of sustainability and guide decision makers at organizations, can be one of the significant drivers of SSCM activities too (Pagell and Wu, 2009). Such ethical values and citizenship behavior at SSCM stem from organizational culture as one of the supporting facets of sustainability - together with

risk management, transparency, and strategy (Carter and Roger, 2008). For instance, a culture that emphasizes the welfare of society can drive companies to engage in environmentally and socially purchasing activities (Carter and Jennings, 2004).

Therefore, we need a theory-driven and holistic framework, which can explain such dynamic interactions throughout the process of formulation and implementation of SSCS by considering its value-laden nature. Considering the sustainability impact of alignment among strategy, practices, and performance at SSCM (Miemczyk and Luzzini, 2019), such a holistic approach is necessary to comprehend the underlying mechanism of strategy choices and its practical implications along the supply chain by linking the SDGs to SSCM.

2.3. SSCS from Institutional Logics Perspective

Despite the call of some authors to build theories of SSCM that will "address „why" and „how" questions by delving into underlying processes, and as such, they are often laced with sets of convincing and logically interconnected arguments" (Mark and Krause, 2016: 7), SSCM literature mostly adopt the existing theoretical frameworks to provide insight on concepts and relationships. Therefore, organizational theories have been frequently used to understand the relationship among variables regarding with the sustainable/green SCM strategies or practices (Sarkis, Zhu, and Lai, 2011) [e.g. resource dependency theory (Foerstl et al., 2015), transaction cost economics (Cheng and Sheu, 2012), contingency theory (Tachizawa and Wong, 2014), resource-based view, institutional theory, stakeholder approach, social network perspective (Varsei et al., 2014)]. However, none of these studies specifically explores the underlying dynamics of selecting a SSCS by focusing on the interaction between the external/internal dynamics with strategic responses of organizations.

From the macro-perspective of SSCM, however, organizations must consider the broader contextual variables in the management of this process (Halldorsson, Kotzab, and Skjøtt-Larsen, 2009). The external forces such as the economic and political stability (Ahmad et al., 2017) as well as how these macro-factors are recognized and assessed by the organizations (Cetinkaya, 2011) affect the formulation of SSCS. Providing an understanding on how actors frame these environmental factors (Thornton et al., 2012), institutional logics perspective can

provide the necessary theoretical backbone to understand the strategic responses of organizations against their environment in the SSCM context.

2.3.1. Institutional Theory and Institutional Logics

As one of the most important organizational theory, institutional theory suggests that organizations are embedded into their context and their decisions and actions are largely affected by institutional variables. In their milestone study, Meyer and Rowan (1977: 341) argue that "formal organizational structures dramatically reflect the myths of their institutional environments instead of the demands of their work activities", that is, organizations ceremonially conform to the institutionalized practices and procedures to enhance their legitimacy and survival probability, but they might suffer from the deterioration of efficiency in return. Zucker (1983: 4-12) stands behind the above-mentioned argument and points out the impact of the external institutional environment on organizations since they are subject to institutional effects both within organizations and in their environments. Regulated organizational structures become isomorphic over time when they are embodied with the rules of environmental agencies. On the other hand, Zucker (1977: 729-742) defines institutionalization as a variable in which different degrees of institutionalization directly affect three aspects of cultural persistence including transmission of acts, maintenance of acts and resistance to change. However, Tolbert and Zucker (1996: 179-184) highlight the ambiguities in institutional theory referring to the solution of Meyer and Rowan (1977:365-7) to the structural inconsistencies in the institutionalized organizations (i.e. decoupling formal structure from action). They in return identify key processes of institutionalization as habitualization, objectification and sedimentation. While deinstituionalization of a structure might lead to a major shift in the environment such as „long-lasting alterations in markets, radical change in technologies", full institutionalization of a structure is likely to encounter „low resistance by opposing groups, continued cultural support and promotion by advocacy groups, and positive correlation with desired outcomes". DiMaggio and Powell (1983: 148-152) explain the underlying reasons behind the homogeneity of organizational forms and practices on the basis of the concept of isomorphism. The authors delineate three mechanisms through which institutional isomorphic alterations arise in line with their own antecedents: coercive isomorphism

which emanates from political influence and legitimacy concerns; mimetic isomorphism is derived from the standard responses to uncertainties; and normative isomorphism is related to professionalization.

However, institutional theory has been exposed to several criticisms due to the dramatic shifts in its early formulations and should thus be refocused for two main reasons. First, institutional theory has begun to view organizations as the dependent variable rather than independent variable as in the original formula. In other words, the theory initially explained organizations in order to understand how they are shaped by institutional processes. However, there has been a considerable interest in explaining both institutions and institutional processes, in particular at the level of the organization field. Therefore, with the aim of reaching a consistent and holistic approach on structuring and managing organizations, Greenwood, Hinings, and Whetten (2014) argue the necessity to reconsider the above-mentioned shift in the balance of focus, to re-focus on an organizational level of analysis, and to behave organizations as actors. The second shift in institutional theory is about its inappropriate treatment to all organizations as if they are the same or at least as if any differences across organizations are unrelated to the aim of theory. Since disregarding the explicit heterogeneity of organizations weakens the development of theory, Greenwood et al. (2014: 1205-6) therefore propose to use the notion of institutional logic in order to theorize differences between organizations.

The perspective on institutional logics has provided a comprehensive metatheoretical framework to understand the interlinkages across institutions, organizations, groups, and individuals in a social system (Friedland and Alford, 1991; Thornton, Ocasio, and Lounsbury, 2012) by focusing on how the social realities and their material subsistence have been iteratively constructed by the actors (Thornton and Ocasio, 1999). Institutional logics refer to "the socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences" (Thornton, Ocasio, and Lounsbury, 2012: 2). Representing „frames of reference", institutional logics shape how actors interpret the social world (Thornton et al., 2012) and turn them into underlying assumptions, beliefs, values, rules, and practices (Thornton and Ocasio, 1999). "It offers a number of generalized rules which dictate

the degree of appropriateness of specific practices in particular circumstances; forms the basis of individual and organizational identities, interests and actions; generates that which is valued; and provides individuals with vocabularies of motives" (Townley, 1997: 263).

Despite the interest of new institutional theory on revealing the similarity across organizational structures and practices (DiMaggio and Powell, 1983; Meyer and Rowan, 1977), institutional logics approach attempts to figure out the organizational heterogeneity (Lounsbury, 2008) by introducing the complementary as well as conflicting nature of different institutional logics. Therefore, the focus of theory shifts from isomorphism to the implications of those diverse logics (Thornton and Ocasio, 2008) and their integrated structural, normative, and symbolic dimensions (Thornton and Ocasio, 1999). Following the study of Friedland and Alford (1991), which classifies the institutional logics into five groups as family, religion, market, democracy, and state, the scholars provide various typologies of institutional logics. While each institutional order has its own central logic, which can guide the behaviors of actors (Thornton and Ocasio, 2008), the contradictions across these multiple logics become the sources of heterogeneity (Greenwood, Raynard, Kodeih, Micelotta, and Lounsbury, 2011) and driver of institutional change (Thornton and Ocasio, 2008).

2.3.2. How Institutional Logics Affect Strategic Responses: SSCM Context

Diverse institutional logics by informing cultural and material foundations to affect organizing principles (Friedland and Alford, 1991), organizational identity, and internal decision making (Townley, 1997: 264) both enable and disable the actions of actors and lead them to follow diverse strategies (Thornton and Ocasio, 2008). In the face of competing demands of institutional environment on sustainability or cost-reduction in SSCM context (Adebanjo et al., 2013), organizations attempt to alleviate tensions through accommodating or decoupling (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). Oliver (1991) criticizes this early version of institutional theory as assuming organizations passive actors and expands these strategic responses from conforming to resistance depending on the nature of institutional pressures. Despite the acceptance of diversity in strategic

responses, all these theoretical studies emphasize the pressures of institutional context on companies.

As a significant departure from the mainstream theoretical foundation of institutional theory, institutional logics perspective focuses on the inter-institutional system by considering the existence of different institutional logics as enabling and disabling embedded actors‟ responses. It points out the concept of institutional heterogeneity, which occurs due to such conflicting pressures of different logics and suggests that this heterogeneity may lead an actor to import and export the *modular* and *decomposable* elements of each logic to construct an idiosyncratic way of understanding and pattern of doing things (Thornton, 2004; Thornton and Ocasio, 2008). Reminding the concept of *bricolage*, as "doing things with whatever is at hand" (Lévi-Strauss, 1966: 17) or "making do by applying combinations of the resources at hand to new problems and opportunities" (Baker and Nelson, 2005: 333), each of these unique ways reflects the interpretation of an actor on social realities by configuring the diverse resources of institutional logics in order to ensure the appropriability and legitimacy of their actions within the inter-institutional system.

Although the concept of bricolage is used in the innovation and entrepreneurship research at organization studies, its enhanced meaning as a *metaphysics*, *epistemology*, and *practice* might correspond to how a bricoleur (a focal firm) configures its „resources, worldview, knowledge and practices‟ into a bricolage (e.g. SSCS) in a given context (e.g. SSCM) (Duymedjian and Rüling, 2010). Organizational actors – bricoleurs – manage conflict among different logics by creatively combining their elements and turning them into "newly designed artifacts" which reflect "a unique configuration of symbolic and material properties" (Christiansen and Lounsbury, 2013: 201-202). According to Pache and Santos (2013), organizations that try to address diverse expectations of institutional logics to obtain/maintain the legitimacy, *selectively couple* the elements of these diverse logics rather than adopting the strategies such as decoupling or compromising. Therefore, organizations follow *innovative hybrid strategies* to bridge and bond domains effectively (Pache and Chowdhury, 2012) and manage tensions across logics (Turker and Vural, 2017).

Based on the discussion on the previous section, it can be stated that

institutional logics manifest themselves at the organizational strategies, policies, procedures, standards, programs, processes, and practices (such as mission/vision, value statements, code of conducts etc.). In this sense, a SSCS can be viewed as a composition of the interpretations as well as the elements of diverse institutional logics. Providing diverse resources and regulatory, market, and social factors, institutional context can both enable and disable the supply chain responsibility of companies (Chkanikova and Mont, 2015). A focal organization develops a SSCM approach, which reflects how it interprets SCM-sustainability link and what is valued more across diverse institutional logics.

Despite the proliferation of studies, which focuses on the impact of institutional pressures on SSCM, the literature provides a few studies on the analysis of SSCM context from institutional logics perspective. In the former group, the authors find that institutional pressure has a positive effect on relationship management and design in SSCM, while coercive, normative and mimetic pressures moderates this link negatively (Zeng et al., 2017).

As it is stated above, the studies which take institutional logics perspective on SSCM context is relatively rare. In an early study, Heiskanen (2002) mentions the emergence of *life cycle approach* as an institutional logic in SSCM context. While the author argues that "a life-cycle world-view is becoming part of current, late-industrial culture in the Western world" including SCM context (Heiskanen, 2002: 427), the study of Glover et al. (2014) shows that the financial logic is still the dominant logics across supply chains by its heavy emphasis on cost reduction and profit maximization. Taking institutional logics as "the framework(s) that guide research and practice in SSCM", the study of Montabon, Pagell, and Wu (2016) compares *instrumental logics*, which emphasize the positive implications of SSCM on company-related outcomes, with *ecologically dominant logics* and states that the latter recognizes the existing trade-offs across TBL and prioritizes environment and society over economy. In a similar vein, the study of Sayed, Hendry, and Bell (2017: 550) identifies financial, sustainability, and time logics by using the lenses of different members of supply chain including focal companies, suppliers, customers, and final consumers as follows:

- Sustainability logic: Aiming at the Triple Bottom Line – with a balanced attitude towards environmental, social and economic sustainability.

- Financial logic: Main focus on profitability, and only concerned with sustainability if it leads to greater sales or reduced costs. From a customers‟ perspective, main concern with affordability of purchases.
- Time logic: Concern regarding extra time needed to engage with particular initiatives, e.g. to engage with the planting and growing of crops for consumption.

The studies also analyzed the prevalence and impact of logics on SSCM strategies and practices. A study reveals that while instrumental perspective is dominant in the sense making and practices of both purchasing and sustainability managers, the latter group of managers can also try to alleviate the increasing tensions between suppliers and buyers by making sustainability standards more workable what is called as *contextualizing* (Xiao et al., 2019). While the existence of competing logics increases institutional complexity (Greenwood, Raynard, Kodeih, Micelotta, and Lounsbury, 2011) and allows only incremental changes, a dominant logic across supply chain can lead to radical changes in relevant practices (Sayed, Hendry, and Bell, 2017). However, despite the overall expectations, even developing a business case for SSCM can be difficult for managers due to the differences across managerial decision making process as well as the different and mostly conflicting demands of internal and external stakeholders (Kirchoff, Omar, and Fugate, 2016).

2.3.3. Grounding SSCS on Institutional Logics Perspective

Although the literature provide invaluable insight on explaining diverse SSCS and articulating institutional logics at SSCM context, the lack of integration of these two mainstreams inhibits the development of a deeper understanding on the full nature of SSCS. Recalling the previous section (Section 2.3.2.), although the studies in the literature focus on the strategic responses at SSCM, none of these frameworks are aligned with a sound theoretical basis and all of them neglect the implications of some overarching goals such as improving societal welfare or protecting the nature. On the other hand, while the studies, which explore dominant institutional logics and their impacts at SSCM context, accept the existence of such goals by linking them with a specific institutional logic [life cycle approach (Heiskanen, 2002), ecologically dominant logics (Montabon, Pagell, and Wu, 2016), sustainability logic (Sayed, Hendry, and Bell, 2017)], they omit some material and symbolic context in

which some strategies are consequently affected [risk-oriented (Harms, Hansen, and Schaltegger, 2013), risk management (Turker and Altuntas, 2014), and SCS risk management (Giannakis and Papadopoulos, 2016) strategies]. Following the suggestion of Ansari and Kant (2017b) on the need for the development of more generic, high quality, and theoretically sound framework, the current study attempts to build SSCS on institutional logics perspective.

Table 1 presents the integration of institutional logics perspective at SSCM context. Although there are different typologies on institutional logics in the literature [such as market, state, families, democracy, and religion (Friedland and Alford, 1991)], the current study follows the study of Pache and Chowdhury (2012) on social entrepreneurs and classify institutional logics as *commercial*, *public-sector*, and *social-welfare*. Similar to social entrepreneurs who "recognize opportunities to generate social value by finding solutions to neglected social problems, … find innovative ways to mobilize the resources required to design these solutions, and … build the infrastructure (for example, an organization or a network) to sustain the creation of social value" while operating at "the intersection of three institutional spheres from which they mobilize important social and material resources" (Pache and Chowdhury, 2012: 496), organizational decision makers at SSCM context should also take into account these three logics simultaneously. Therefore, a SSCS represents a realm of *structural overlap* by forcing focal organizations to associate the distinct elements and actors of these three logics (Thornton, 2004) and convert them into a *bricolage*.

Since it is important to distinguish how each logic differs in terms of some major domains at SSCM context, the study identifies the *ideal types*, which refer to "a method of interpretive analysis for understanding the meaning that actors invest their actions with" and describing "theoretical models for comparing the effects of various meanings in a location with a definable boundary" (Thornton and Ocasio, 2008: 110). Therefore, the elements of different logics "represent theoretical predictions for institutional and organizational arrangements within the influence of that particular sector" (Thornton, Jones, and Kury, 2005: 6). Ideal types of commercial, public-sector, and social-welfare logics at SSCM context are characterized and discussed in a comprehensive manner in the following section (Table 1). Commercial and public-sector logics are distinguished by following the

previous classifications of institutional logics (Friedland and Alford, 1991; Thornton, Jones, and Kury, 2005). While the former is also recognized in the SSCM literature (with different titles such as instrumental or financial logic), none of these previous studies attempt to characterize public-sector logic. On the other hand, since the traditional classifications have little or no emphasis on social-welfare logic as a recently emerged phenomenon, the distinction among three logics is identified based on the studies of Wood and Logsdon (2001) and Logsdon and Wood (2002). The authors discuss the transition among *individual*, *corporate* to *business citizenship*, which are derived from *minimalist*, *communitarian,* and *universal ethical principles* positions, respectively. Although the studies of Wood and Logsdon (2001) and Logsdon and Wood (2002) attempt to frame CSR on a moral ground in terms of citizenship conception, their distinction among individual, corporate, and business citizenships fits well to explain SSCS at commercial, public, and social-welfare logics, respectively. Additionally, since social-welfare logic closely overlaps with the life cycle approach (Heiskanen, 2002), ecologically dominant logics (Montabon, Pagell, and Wu, 2016) or sustainability logic (Sayed, Hendry, and Bell, 2017) in SSCM literature, this literature is also used to highlight the difference between commercial and social-welfare logics.

Table 1. Ideal Types of Institutional Logics at SSCM

Characteristics	**Commercial Logic**	**Public Logic**	**Social Welfare Logic**
Political perspective	Minimalist position	Communitarian position	Universal ethical principles/Sustainability principles+goals
(Scale of) Economic system	Firm	National/Regional/Local	Global
Sources of identity	No citizenship (Faceless)	Corporate citizenship	Global business citizenship
Sources of legitimacy	Growth and reputation of firm	Legally and socially acceptable firm	Sustainability of firm
Sources of authority	The free-market rules (e.g. customers, competitors, investors)	The national/local polity (which) reflects community values (e.g. government, local society)	The collective norms of global community (e.g. international organizations, NGOs)
Basis of mission	To capture the best value from contracts	To conform to the national/local regulations, norms and standards	To create a surplus value for all stakeholders
Basis of attention	Performance-oriented	Risk avoidance-oriented	Collaboration-oriented
Basis of strategy	Increase the suppliers‟ sustainability-related performance based on cost-benefit approach	Ensure to the compliance of suppliers to national/local regulations, norms and rules by following a multidomestic approach	Develop the suppliers‟ sustainability-related knowledge, resources, and capabilities based on a globally-integrated ethical approach
Logic of investment	Measuring and comparing	Monitoring and controlling	Learning and innovating

Governance mechanism	Contracts/Certificates (calculative trust)	National/local society members (institutional trust)	Network of global stakeholders (relational trust)
Event sequencing	- Globalization movement in the 1980s - Emergence of multinational companies since the 1980s - Extending supply chains to developing countries (China, Bangladesh, Turkey, India etc.) since the 1990s - Corporate abuses and accidents (e.g. Nike‟s child labor, Shell‟s Nigeria Delta, the collapse of Rana Plaza etc.) since the 1980s	- National/local legislations on environment, consumer, labor rights during the 1970s-1980s - Foundation of national agencies for environmental protection, consumer rights since the 1970s - Lawsuits against the companies for their misconducts since the 1990s	- Consumerism and green movement since the 1970s - Global initiatives of International/Intergovernmental organizations/agreements [e.g. United Nations: Universal Declaration of Human Rights, The Bruntland Report, The Ten Principles of the UN Global Compact, Sustainable Development Goals; International Labour Organization‟s Declaration on Fundamental Principles and Rights at Work etc.), Non-governmental organizations, business organizations, industry associations, trade unions etc. [e.g. Fair Trade International, [Ethical Trading Initiative (ETI)]
Structural overlap	- Global protests and campaigns against companies - Existence of best practices	- International agreements (e.g. Climate change agreements) - Corporate lobbying activities	- National priorities for economic development - International conflicts among governments

2.3.3.1. SSCS towards Commercial Logic: Performance-oriented Strategy

Commercial logic can be interchangeably used with the logic of capitalist market (Friedland and Alford, 1991) or markets (Thornton, Jones, and Kury, 2005). According to Friedland and Alford (1991: 248-249), the logic of capitalism is the "accumulation and the commodification of human activity"; "commodity producers attempt to convert all actions into the buying and selling of commodities that have a monetary price. Capitalist firms cannot exchange unpriced human activities that may be rational for an organization or useful to individuals". In a similar vein, examining the impact of six institutional logics on the governance forms of several industries, Thornton, Jones, and Kury (2005: 57) identify the ideal types for markets. According to the authors, markets logic posits *faceless* as sources of identity, *share price* as source of legitimacy, *shareholder activism* as source of authority, *self-interest* as the basis of norms, *status position in market* as basis of attention, *increasing efficiency of transactions* as basis of strategy, *immediate best bargain* as logic of exchange, and

capital committed to capital markets as logic of investment etc. According to Logsdon and Wood (2002), individual citizenship is characterized by self-interest of actors with little social and legal control; while firms is viewed as "a nexus of freely chosen individual contracts", "a company cannot be a citizen" since it is "merely a legal fiction within which individual contracts are negotiated" (Logsdon and Wood, 2002: 161). "These free agents are striving to achieve their individual goals, and compliance with certain laws is seen as contributing to their achievement of these goals" (Wood and Logsdon, 2001: 89).

In the SSCM literature, commercial logic, which can be called as instrumental (Montabon, Pagell, and Wu, 2016) or financial logic (Glover et al., 2014; Sayed, Hendry, and Bell, 2017), is viewed as the dominant logic by focusing on cost reduction and profit maximization (Glover et al., 2014). It is clear that SCM is originated from such company practices to minimize waste to increase the operational efficiency and then evolved into the initiatives that both meet the economic and environmental concerns over time (Sarkis, Zhu, and Lai, 2011). Nowadays, even if they think that it is too costly to consider sustainability, most companies recognize that "there is no way to ignore sustainability if they want to remain competitive in the market" (Montalvo et al., 2011). Therefore, reducing costs through waste management or energy efficiency or turning SSCM efforts into a competitive advantage become major concerns among companies. The long-term strategic orientation as the internal motivators of SSCM revolves around improving legitimacy and reputation, increasing profit and efficiency, reducing costs or attracting employees etc. (Sajjad, Eweje, and Tappin, 2015).

This logic becomes apparent in the SSCM strategies and practices of focal companies towards their suppliers too. Representing the economic dimension of TBL (Martins and Pato, 2019), commercial logic manifests itself at the performance management strategies of companies – recalling the strategic approaches of supplier management for risks and performance (Seuring and Müller, 2008), business-oriented approach (Harms, Hansen, and Schaltegger, 2013), or performance management (Turker and Altuntas, 2014). Companies focus on developing appropriate performance measures for their suppliers (Seuring and Gold, 2013) since the variables such as purchasing costs (Busse, 2016) or sustainable procurement (Esfahbodi et al., 2017) directly affect their performance. A systematic review reveals the dominance of economic and environmental performance measures in the

literature too; while social measures have been recently entered into the field (Beske-Janssen, Johnson, and Schaltegger, 2015), scholars also search for the impact of environmental performance on economic performance (Esfahbodi et al., 2017). Moreover, companies also demand the management of materials, energy, water, and emissions from their suppliers (Chiarini, 2014).

At commercial logic, companies interact mostly with the stakeholders from business world (Pache and Chowdhury, 2012). When they interact with stakeholders from other sectors (such as NGOs), it is for ensuring the compliance of chain members or maximizing profits (Montabon, Pagell, and Wu, 2016: 17).

However, according to Montabon, Pagell, and Wu (2016: 13-17), this logic "has limited progress toward sustainability" and even "hinders the development of true sustainability" by focusing on risk minimization and profit maximization and taking sustainability "in an instrumental manner that gives primacy to profits over environmental and social outcomes" particularly in the case of trade-offs. Following this inclination of companies, scholars also attempt to develop approaches for evaluating such cost-benefit trade-offs at SSCM for decision makers (Jachar, 2015) or providing competitiveness strategies that can contribute to both sustainability and cost effectiveness (Gružauskas, Baskutis, and Navickas, 2018). However, such trade-offs, paradoxes, and tensions are inherent in the nature of sustainability conception. As a distinguishing point, a company which uses the lens of commercial logic prefers economy over society and environment.

Depending on the discussion above, the ideal types of commercial logic is identified as follows:

- *Political perspective:* The minimalist position tends to emphasize cost reduction and profit maximizations. Therefore, actors take their decisions based on their cost-benefit analysis across SSCM.
- *Scale of economic system:* A firm-level system view is adopted when considering the SSCM challenges and opportunities. The major consideration at SSCM-related strategies and practices is the implications on buyer and its performance.
- *Sources of identity:* Commercial logic is faceless by referring to a vague or no identity. It might change depending on the changing circumstances over time and across context.

- *Sources of legitimacy:* Ensuring the growth and maintaining a good reputation of buyer is sufficient to legitimize any strategy and practice at SSCM. For instance, companies expect that its suppliers certificate their SSCM-related implementations in order to increase the legitimacy of its operations in the eyes of relevant stakeholders (e.g. customers, business partners).
- *Sources of authority*: Companies adopt the rules of free market system to manage SSCM. The stakeholders such as investors and customers are the most important constituencies in order to ensure the continuity of capital flows and the growth of demand for their product. For instance, suppliers can be encouraged to adopt a flexible manufacturing system to meet the changing customer demands.
- *Basis of mission:* Companies attempt to obtain best value from the contacts with their suppliers in terms of cost, prices, lead times, quality etc. The relationship with suppliers is viewed as a negotiation process which results in the advantage of company itself.
- *Basis of attention:* Performance of suppliers in terms of cost, price, quality etc. has the major issue for companies since they think it directly affects the performance of buyer in the markets. For instance, companies try to manage the performance of suppliers by monitoring the changes in their indicators or comparing the performances of their suppliers with each other.
- *Basis of strategy:* Companies try to increase the suppliers‟ sustainability-related performance indicators based on a cost-benefit approach. For instance, a practice on environmental sustainability can be feasible as long as its benefits exceed its costs. Reminding the classical perspective at the Whittington‟s (2001) strategy classification, a SSCS is formulated based on a deliberate and rational approach at the headquarters of buyer and implemented in a top-down approach towards the suppliers.
- *Logic of investment:* Buyer company mainly focuses on measuring the progress of suppliers in terms of performance indicators (e.g. cost reduction through waste minimization) at its compliance system and comparing these results with other suppliers in its own chain, potential suppliers, optimal results based on its cost-benefit analysis. Therefore, supplier performance can

be taken as a function of supplier evaluation and assessment, rating and classification, and deciding on relationship continuation (Kumar and Rahman, 2016). For instance, it is relatively easier to stop working with a supplier when it fails to meet the company‟s performance expectations and when there is a better alternative.

- *Governance mechanism:* Supply chain is viewed as a nexus of contracts among the chain members. Mechanism relies on *calculative trust*, which stems from the existence of deterrence and perceived benefits in an exchange relationship and might build the credibility of another party from its reputation or certificates (Rousseau et al., 1998: 399). This form of trust is effective at buyer-supplier relationship when there is a behavioral uncertainty that refers to "the extent to which one party cannot effectively observe or evaluate the activities of the other party" (Poppo, Zhou, and Li, 2016: 726).
- *Event sequencing:* Globalization movements in the 1980s pave the way for the emergence of multinational enterprises (MNEs), which market and produce their products all around the world. By the extension of supply chains from developed to developing countries (China, Bangladesh, Turkey, India etc.) since the 1990s, such MNEs take the advantage of cost reduction, but face with the sustainability challenges [such as corporate abuses and accidents (e.g. Nike‟s child labor, Shell‟s Nigeria Delta, the collapse of Rana Plaza etc.].
- *Structural overlap:* Global protests and campaigns against companies force companies to take sustainability initiatives towards their suppliers. For instance, Nike and H&M improve its workers safety and conditions significantly in order to avoid consumer reactions (Beger, Bekki, and Sağlam, 2019). At some companies, the instrumentally motivated strategies and practices yields best practices of its kind.

2.3.3.2. SSCS towards Public Logic: Risk avoidance-oriented Strategy

Bureaucratic state logic focuses on "rationalization and the regulation of human activity by legal and bureaucratic hierarchies"; "bureaucratic state organizations attempt to convert diverse individual situations into the basis for routine official decisions" (Friedland and Alford, 1991: 248-249). This logic

highlights the role of state and its regulatory/bureaucratic capacity to enforce commonly accepted rules to ensure societal benefit (Thornton et al., 2012). State logic suggests as *social class/political ideology* as sources of identity, *democratic participation* as source of legitimacy, *bureaucratic domination and political parties* as source of authority, *citizenship in nation* as the basis of norms, *status position of interest group* as basis of attention, *increase community good* as basis of strategy, *political power* as logic of exchange, and *capital committed to public policy* as logic of investment etc. (Thornton, Jones, and Kury, 2005: 57).

Corporate citizenship, which defines responsibility at the local context by complying with minimum legal requirements and meeting local community expectations and emanates from communitarian view (Logsdon and Wood, 2002), fits well to explain public logic at SSCM. At the communitarian view, organizations are important actors with both rights and duties towards specific communities/nations, which reward them with "good public relations and improved employee morale" when they comply well with the local rules and norms (Logsdon and Wood, 2002: 162). Its national scope rejects the existence of absolute rights; "rights are contingent on the particular community and its definition of the good" and companies adopt a conception of corporate citizenship as "…locally oriented activities that vary from one site to another and from one corporation to another" based on a multidomestic approach (Wood and Logsdon, 2001: 90-95).

Public-sector logic involves the relationship with public stakeholders such as government bodies, elected officials, or regulators etc. in order to ensure equality (Pache and Chowdhury, 2012). In a broader sense, at this logic, corporate strategies and practices are determined in line with the desires of national/local society, which are represented by their central/local government. Therefore, some premises of public logic can be taken from a geographically restricted version of community logics at Thornton, Ocasio, and Lounsbury"s (2012) classification. Here, the focus is on the impact of operations on local communities within a certain geographical boundary and stakeholder engagement involves interactions with local actors (Arena, Azzone, and Mapelli, 2018). In SSCM literature, the domination of these actors on decision making process is usually analyzed around the DiMaggio and Powell"s (1983) coercive, mimetic, and normative isomorphic pressures. For instance, in their study, Zhu, Sarkis, and Lai (2013) examine such pressures from central and local

governments in China by environmental protection regulations, global regulations/standards, and competitors on manufacturers and found that coercive pressure affects eco-design practices, latter two influence internal environment management. In their study Esfahbodi et al. (2017) compares the impact of governance pressures which are derived from coercive pressures of governmental agencies and regulators on the adoption of SSCM practices. According to the authors, such "…regulatory pressures lead firms to pay close attention to their commensurate environmental alignment in an SCM context" (Esfahbodi et al., 2017: 667). The study of Chiarini (2014) finds that there are three indicators of buyers to rate their suppliers‟ environmental performance as the management of materials, energy, and water, the management of emissions and the compliance with the environmental laws and regulations. On the other hand, while governments can also regulate the issues regarding with consumer rights and transparency too (Gružauskas et al., 2018), their inadequate support of government (Sajjad, Eweje, and Tappin, 2015) inhibit SSCM implementation of organizations.

Society imposes its desires upon companies through their governments. However, sometimes, they can directly involve into the creation of pressures on the companies. For instance, public attention on the first-tier supplier and the perceived risks of sub-supplier‟s non-compliance with corporate sustainability standards are among the antecedents to sub-suppliers‟ management on sustainability issues (Grimm, Hofstetter, and Sarkis, 2016). The study of Hajmohammad and Vachon (2016) focuses on the deployment of strategies regarding with the reputational risk on unsustainable practices of suppliers and identifies four strategies as risk avoidance, risk mitigation through monitoring, risk mitigation through collaboration, and risk acceptance. Either it is originated from governments or the society itself; SSCM literature usually classifies the companies‟ responses towards such pressures as *risk-oriented approach* (Harms, Hansen, and Schaltegger, 2013). Recalling from the previous section, this approach is linked with evaluating and selecting suppliers based on the pre-specified criteria in order to reduce risks and improve reputation. Synthesizing the different classifications of literature, Giannakis and Papadopoulos (2016) categorize the sustainability-related supply chain risks under six groups:

- Endogenous-Environmental
- Exogenous-Environmental

- Endogenous-Social
- Exogenous-Social
- Endogenous-Financial/economic
- Exogenous-Financial/economic

It can be noticed that exogenous sources of environmental, social, and financial risks mostly represent such external pressures of diverse societal actors in a given context. According to Rebs, Brandenburg, and Seuring (2019), although SSCM-related system dynamics encompass social and environmental dimensions together with governmental or customer pressures, the risks and uncertainties are rarely considered in the literature. The study of Miemczyk and Luzzini (2019) involves the impact of such risk assessment practices and finds that it affects the link between social sustainability priorities on performance outcomes, but does not confirm the relationship between environmental priorities on performance outcomes. According to Chiarini (2017), when comparing performance aspects such as ISO 14001 certification or transport, suppliers‟ compliance with laws and regulations is the major factor when evaluating them.

Depending on the discussion above, the ideal types of public-sector logic is identified as follows:

- *Political perspective:* Communitarian position indicates the importance of having good community relations at national/local level (Logsdon and Wood, 2002). Decision making process should be based on the legal and social compliance of company to local context across SSCM.
- *Scale of economic system:* The context of SSCM is bounded by national/regional/local level, which allows companies define the risks and challenges in a local approach, rather than an integrated view. The major consideration is to avoid risks that might result in legal penalties or public reactions across SSCM.
- *Sources of identity:* Public logic adopts corporate citizenship in which organizations are considered as “citizens of local communities and polities within a communitarian… frame of reference” (Logsdon and Wood, 2002: 160) and defined as distinguishable entities with “rights and duties necessary to maintain community identity and boundaries” (Logsdon and Wood, 2002: 167).

- *Sources of legitimacy:* Being a legally and socially acceptable firm in a context – such as supplier‟s home country – legitimizes the operations of companies at SSCM. The definition of what is legal and commonly accepted by society largely depends on the legal framework of supplier‟s home country. Therefore, a company can justify the variations across its practices on worker safety, child labor, product design etc. "…on the grounds of a primary allegiance to home country stakeholders, cost-efficiency, abidance by local laws and norms, and the relative improvement in economic well-being of employees in the host countries" (Logsdon and Wood, 2001: 167).
- *Sources of authority:* Companies adopt the national/local polity (which) reflects community values (e.g. government, local society) (Logsdon and Wood, 2001). The actors such as central and local government, local community, NGOs, and media are salient stakeholders to ensure the legal and societal acceptance of company in a given context.
- *Basis of mission:* Companies try to conform to the national/local regulations, norms and standards of suppliers‟ home countries. The relationship with suppliers is built around reducing environmental, social, and economic risks that might affect the operations of companies in its supplier‟s country as well as in global markets.
- *Basis of attention:* Risk management is the major consideration of SSCM and company devotes its attention to reduce risk across SSCM. For instance, companies might try to control their suppliers‟ operations through site-visits with or without notifications.
- *Basis of strategy:* Companies try to ensure the compliance of suppliers to the national/local regulations, norms and rules. Therefore, companies follow a multidomestic approach that reminds the systemic perspective on strategy (Whittington, 2001) with its emphasis on "play by the local rules". For instance, a practice regarding with environmental sustainability can be feasible as long as it is expected by local stakeholders (e.g. through a new legislation by national/local government or a strike among workers of suppliers). If there is no demand for such a change among such stakeholders, company will not take any initiative on the issue.

- *Logic of investment:* Buyers mostly involve in measuring, monitoring, and controlling of their suppliers‟ compliance to the pre-specified criteria and assess their environmental, social, and economic risks over time. The company can replace its suppliers when they do not reduce their risk level.
- *Governance mechanism:* National/local regulations and stakeholders become key constituencies of governance mechanism. Institutional-based trust, which emerges from *ex ante deterrents* and existing institutional factors such as legal or cultural systems in a society (Rousseau et al., 1998: 400) significantly affects how mechanism work. For instance, the aforementioned study of Chiarini (2014) indicates that the compliance of suppliers with the environmental laws and regulations is the cornerstone of rating suppliers‟ environmental performance.
- *Event sequencing:* The emergence of national/local legislations on environment, consumer, labor rights during the 1970s-1980s creates the common ground of society on their expectations from companies. The enforcement of these regulations is managed by some institutional actors such as national agencies for environmental protection, consumer rights since the 1970s. However, developing countries mostly become laggards in the institutionalization of such environmental or societal laws. Therefore, many MNEs start to offshore their production centers to take the advantage of such „favorable‟ legal/societal conditions in such countries (e.g. cheap labor, little or no environmental regulations). However, their abuses/misconducts in some of these countries face with large scale consumer/societal reactions (protest against Nike during the 1990s) and even lawsuits against them since the 1990s.
- *Structural overlap:* International agreements and initiatives among governments/business organizations (e.g. climate change) help to develop a global framework for companies to adopt a global approach in their SSCM strategies and practices. On the other hand, corporate lobbying activities towards the local/national government agencies try to keep such pressures under control.

2.3.3.3. SSCS towards Social-Welfare Logic: Collaboration-oriented Strategy

According to Logsdon and Wood (2002), adoption of global business citizenship "requires a transition from communitarian thinking" (p.155), which is previously discussed at public-sector logic, to *a universal human rights* position that "emphasizes the moral claims of all human beings to the rights of liberty and a fair distribution of society‟s benefits and burdens" (p.161). Expanding this anthropocentric view of sustainability, social-welfare logic takes a broader view on the roles and responsibilities of companies by including natural environmental, endangered species or next generation etc. in its global stakeholders. The paradoxical demands can be responded through a dynamic equilibrium by "(1) enabling learning and creativity; (2) fostering flexibility and resilience; and (3) unleashing human potential" (Smith and Lewis, 2011: 393). Recognizing that same practices can support the integrations between lean-sustainable and agile-sustainable supply chain paradigms (Ciccullo et al., 2018) helps practitioners to reconcile the diverse demands of stakeholders and different tensions across logics. For instance, company attempts to develop a network-centric business model innovation to address economy-environment trade-offs by prioritizing sustainability-related „cultural‟ resources, which involves sustainability-related values, ethos, and concepts at organizations (Brennan and Tennant, 2018). Removing the distinction between economy and other societal activities and nested them within an outer environmental layer with fuzzy boundaries, sustainability becomes a notion that impose upon some overarching principles of futurity (inter-generational equity), social-justice (intra-generational equity), transfrontier responsibility (geographical equity), procedural equity (people treated openly and fairly), and inter-species equity (importance of biodiversity) (Giddings, Hopwood, and O‟brien, 2002: 194). This perspective manifests itself in the United Nations‟ sustainable development goals (SDGs) (UN, 2019).

Global business citizenship is characterized by voluntarily participation in broad stakeholder issues and interests through systematic learning and emphasis on long-term survival as an incentive for socially beneficial activities with "the view of business organizations as secondary and subordinate to human interests" (Logsdon and Wood, 2002: 160). While corporate citizenship views business organizations as "a combination of the community‟s resources" by taking on "an existence and

identity separate from individuals, but reflecting community values", business citizenship moves from local to global by defining organizations as "vehicles for manifesting human creativity" by permitting "creation of surplus value, allowing people and societies to do more with resources" as the members of "stakeholder networks whose interests and actions span multiple locales and cannot be completely captured in contracts" (Wood and Logsdon, 2001: 96).

It is stated above that social-welfare logic closely overlaps with the life cycle approach (Heiskanen, 2002), ecologically dominant logics (Montabon, Pagell, and Wu, 2016) or sustainability logic (Sayed, Hendry, and Bell, 2017) in SSCM literature. According to the ecologically dominant logic of Montabon, Pagell, and Wu (2016: 17), "the firm or even an entire supply chain are then part of the larger network and judged not by their ability to maximize their own gains, but rather by the harm they create and the value they provide to others". According to Sayed, Hendry, and Bell (2017: 550), sustainability logic aims at TBL "with a balanced attitude towards environmental, social and economic sustainability", ecologically dominant logic prioritizes environment and society over economy in the cases of trade-offs and leads companies to engage in "significant creative destruction" (Montabon, Pagell, and Wu, 2016: 17) to overcome tensions and conflicts. In line with the aforementioned perspective of Giddings, Hopwood, and O"brien (2002), social-welfare logic adopts the eco-centric view by emphasizing UN"s SDGs.

Although the studies on SSCS, which are discussed in the previous section [such as the strategy of SCM for sustainable product (Seuring and Müller, 2008), life cycle assessment (Turker and Altuntas, 2014) or proactivity (Beske and Seuring, 2014)], tend to reduce the implications of this view to some company-related outcomes, social-welfare logic can be recognized at the guardrail values (Pagell and Wu, 2009) or relational and moral drivers (Paulraj, Chen, and Blome, 2017) as well as their environmentally and socially purchasing activities of companies at SSCM context (Carter and Jennings, 2004). Even these studies on SSCS widely recognize the importance of developing suppliers through building a strong communication and coordination system and focusing on the activities such as learning and innovation (Seuring and Müller, 2008; Turker and Altuntas, 2014; Beske and Seuring, 2014). When compared to *the evaluation of suppliers' sustainability*, however, *suppliers' sustainability development* has attracted less attention among practitioners (Rashidi

and Saen, 2018: 226). Although it is not currently dominant, the social-welfare logic has also affected most business organizations to adopt relevant strategies to align their operations with SDGs.

In the literature, some studies focus on the collaboration domain of supplier development. For instance, the study of Grimm, Hofstetter, and Sarkis (2016) posits the importance of assessment and collaboration in the management of sub-suppliers‟ compliance to the corporate sustainability standards. The study of Kumar and Rahman (2016) on 157 Indian automobile companies finds that strengthening the relationship between buyer and supplier during the supplier selection, supplier development, and supplier performance review positively affects TBL of sustainability. Building a collaborative relationship between buyer and supplier can result in a better learning environment, information exchange and innovation of products and processes (Neutzling et al., 2016). While supporting the idea of sustainable development and signaling it to stakeholders might increase suppliers‟ commitment, exchanging information and technology regarding with SSCM with suppliers generates learning effects across suppliers (Wittstruck and Teuteberg, 2012).

The studies also show that the collaboration is not only limited by buyer-supplier dyad. Based on the interviews with 63 companies, the study of Liu et al. (2018: 112) proposes that supplier development for sustainability must involve not only the buyer and supplier, but also some contributors – as drivers, facilitator, and inspector by considering its dynamic nature and through “strategic collaboration, adaptive management or organizational learning” of actors. Therefore, social-welfare logic leads actors to interact with social sector stakeholders for collaborating and mobilizing the resources in order to be socially beneficial (Pache and Chowdhury, 2012). In its broader sense, community logic at Thornton, Ocasio, and Lounsbury‟s (2012) classification indicate the engagement of such international actors by going beyond its geographically restricted local approach. “The boundaries of the system are determined by the boundaries of the interested communities … without a clear distinction between legitimate/non-legitimate and powerful/non-powerful stakeholders” (Arena, Azzone, and Mapelli, 2018: 348). For instance in contrast to commercial logic, here NGOs are not viewed as “the means to meeting the firm‟s need”; “in the ecologically dominant logic, the NGO, as the representative for the

environment, becomes focal and the supply chain becomes a means to the NGO‟s end" (Montabon, Pagell, and Wu, 2016: 17).

Another domain of supplier development is to develop an innovation and learning-oriented SSCM. Considering the spillover of environmental innovation that stems from buying firm across suppliers networks over time (Nair et al., 2016), prioritizing innovation can be a useful strategy to increase sustainability among suppliers. According to Lin and Tseng (2016), innovation is the most significant competitive priority of SSCM under uncertainty – together with its suppliers, customers, and dependability aspects.

Moreover, studies also mention about how green human resources management can contribute to SSCM through focusing on relevant practices (recruitment, selection, training etc.) and human factor, which "constitute the basis of any organizational change in favor of sustainability, such as organizational culture, teamwork, and empowerment" (Jabbour and de Sousa Jabbour, 2016: 1828).

Depending on the discussion above, the ideal types of social-welfare logic is identified as follows:

- *Political perspective*: Social-welfare logics adopts an integrated political stance, which is built on universal ethical principles (Logsdon and Wood, 2002), sustainability principles (Giddings, Hopwood, and O‟brien, 2002), and UN SDGs (UN, 2019). SSCM related decisions must be taken by considering its impact on nature and humanity.
- *Scale of economic system*: SSCM requires an integrated approach in the global level. Therefore, it involves an input-output relationship by considering the interlinkages among subsystems and their elements. The company develops a fair and agile approach towards all challenges and opportunities across SSCM.
- *Sources of identity:* Social-welfare logic adopts a global business citizenship in which an organization is viewed as "a distinguishable entity that is secondary in status to individuals and thus has derivative or weaker rights and duties" (Logsdon and Wood, 2002: 167).
- *Sources of legitimacy*: Ensuring environmental and social sustainability of supply chain based on the global sustainability principles legitimizes the operations of companies. "From a universal ethical principles perspective,

however, workers, customers, and other stakeholders from any nation or culture would be entitled to the same baseline protections because of their common humanity and the moral rights that therefore accrue to them" (Logsdon and Wood, 2002: 167).

- *Sources of authority:* The authority emerges from the commonly accepted rules, standards, regulations of international actors such as intergovernmental organizations, international NGOs etc. Global business citizenship "is not exclusively bound by the rules of a local polity but is also responsive to the collective norms of a global community" (Wood and Logsdon, 2002: 166).
- *Basis of mission:* The goal of organizations to manifest human creativity by allowing the creation of surplus value (Logsdon and Wood, 2002: 160) for all stakeholders. The relationship with suppliers is built around developing their awareness, knowledge and capacity on sustainability.
- *Basis of attention*: Companies adopt a proactive approach by devoting their attention, energy and resources to sustain the welfare of all stakeholders in a collaborative manner. For instance, companies try to provide training to their suppliers, transfer know-how to them, or encourage them to be more socially responsible and innovative etc.
- *Basis of strategy:* Company attempts to improve the suppliers‟ sustainability-related knowledge, resources, and capabilities based on a globally-integrated ethical approach. Based on the processual perspective of Whittington (2001), it emphasizes the plurality of outcomes and emergent approach of processes. Taking a systems perspective, this version of sustainability management attempts to improve quality of life (Starik and Rands, 1995) by developing "a holistic series of connected steps or stages in generally sustainable, though not necessarily linear, directions, including at least inputs, processes, outputs, and feedbacks" (Starik and Kanashiro, 2013: 20). In doing so, a company manages its sustainability by recognizing the connections and interactions across these elements of system by referring to sustainability values such as "innovation, evolution, learning, collaboration, tenacity, durability, adaptability, rationality, empathy, responsibility, justice, reflection, and spirituality" (Starik and Kanashiro, 2013: 22).

- *Logic of investment*: Supplier development is at the hearth of system and it can be seen as the combination of activities such as technology sharing, resource allocation, information sharing, knowledge sharing, and building joint teams (Kumar and Rahman, 2016). In doing so, companies focus on collaboration, communication, learning and innovation across their supply chains. Supporting and encouraging suppliers to adopt a truly sustainable approach is viewed essential to obtain a globally integrated SSCM. Building trust is important to enhance knowledge spillovers across supply chain members. It is built on relational trust which emerges from the repeated interactions among parties over time and develops positive expectations and emotions in the exchange relationship (Rousseau et al., 1998: 399). For instance, this type of trust is effective when "…buyers invest in supplier-specific assets or when supply side market uncertainly is high…" at SCM (Poppo, Zhou, and Li, 2016: 724).
- *Governance mechanism:* Supply chain is viewed as a network of global stakeholders (Logsdon and Wood, 2002) with the combinations of diverse perspectives and approaches. The challenges of sustainability governance at SSCM can be addressed by "the development of inclusive multi-stakeholder coalitions; flexibility to adapt global governance arrangements to local social and ecological contexts of production and consumption; supplementing effective monitoring and enforcement mechanisms with education and other programs to build compliance capacity; and integration of reflexive learning to improve governance arrangements over time" (Boström et al., 2015: 1).
- *Event sequencing:* The emergence of feminism, consumerism, environmentalism, anti-war movements has triggered a paradigm shift among people and organizations in all around the world since the 1960s and 1970s. In line with the increasing awareness and recognition on social, political, and environmental problems, governments, NGOs, universities started to communicate and develop their own solutions (e.g. Stockholm Conference in 1972, Rio Summit in 1998 etc.). Brundtland Report (Our Common Future) was released in 1987 by Norwegian Prime Minister Gro Harlem Brundtland and contributed to the wide recognition of sustainable development concept among scholars and practitioners. In 2015, UN announced its 2030 SDGs. In

addition to such global initiatives of international/intergovernmental organizations, NGOs, business organizations, industry associations, trade unions etc. have also developed some frameworks for sustainability and social responsibility [e.g. Fair Trade International, Ethical Trading Initiative (ETI)].

- *Structural overlap:* National and industrial priorities on economic development have intervened the process of solutions. For instance, the withdrawal of USA from Paris Agreement has become a major obstacle to achieve a global level consensus on climate change.

CHAPTER 3

THE IMPACTS OF SUSTAINABLE SUPPLY CHAIN STRATEGIES

3.1. Which Factors Affect the Success of SSCM?

Despite they devote significant amount of resources and deploy diverse set of capabilities to improve the sustainability at SCM, the success level of companies vary by companies and over years. The growing number of studies in the literature attempt to find out the factors that affect the success of SSCM in the nexus of motivators/enablers and barriers/challenges. These studies indicate that the factors such as "adoption of green practices, environmental management, reverse logistic, innovation, organization competitiveness, government regulations, information sharing, top management commitment, collaboration with partners, and customer pressure" (Ansari and Kant, 2017a: 2534), social values and ethics, corporate strategy and commitment, economic stability, green product design, green warehousing, strategic supplier collaboration, environmental conservation, continuous improvement, enabling information technologies, logistics optimization, internal pressures, institutional pressures (Dubey et al., 2017), adoption of safety standards, adoption of green practices, community economic welfare, health and safety issues, employment stability (Diabat, Kannan, and Mathiyazhagan, 2014), the availability of sustainable technologies, effective law enforcement and control over the supply chains, having a brand to protect (Rueda, Garrett, and Lambin, 2017), economic and political stability (Ahmad et al., 2017) are emerged as the enablers/critical success factors/drivers of SSCM. On the other hand, the factors like "lack of information and transparency, lack of training and expertise, supplier in-competencies, cost implications, lack of top management commitment, lack of financial resources, complex in design to reduce consumption of resources and energy, inadequate facility for adoptions of reverse logistic practices, lack of IT implementation" (Ansari and Kant, 2017a: 2534) are considered as the barriers of SSCM implementation.

Some studies attempt to classify these drivers and barriers. For instance, a

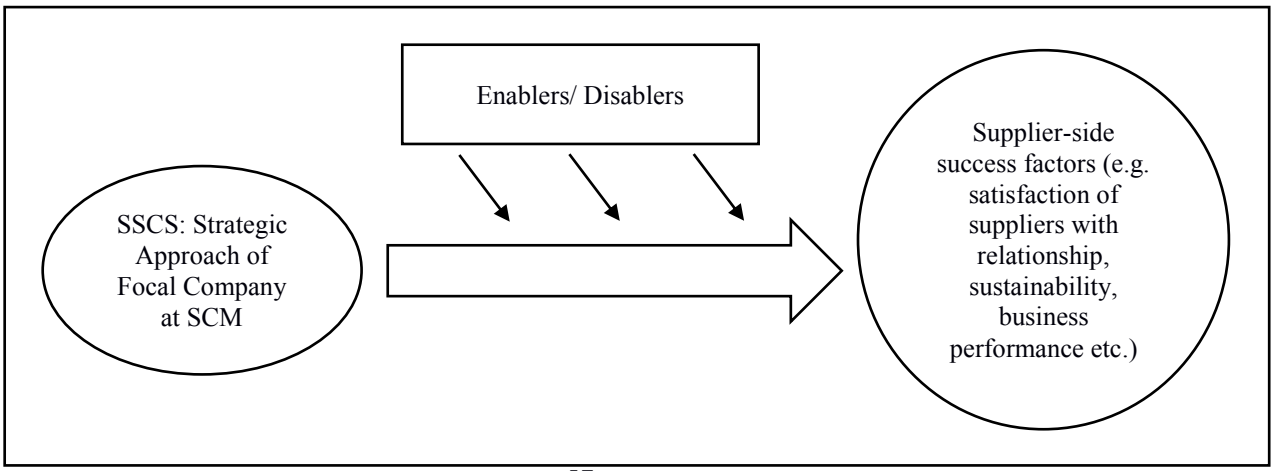
cross-case analysis on the first-tier suppliers shows that the choice and effectiveness of procurement-marketing sustainability integration across the upstream suppliers, downstream original equipment manufacturers, and retailers are affected by stakeholder-related (end-customer pressure, direct customer pressure, NGO pressure), process-related (sustainability certification pursuits), and product-related (own component visibility, influence on product sustainability) drivers (Foerstl et al., 2015). Considering the salience characteristics of each variable (legitimacy, power, and urgency), the study of Chkanikova and Mont (2015) classifies drivers/barriers as regulatory (national/international government), resources (shareholders, suppliers, investors), market (customers, competitors, industry associations, service-providers), and social (society, media, NGOs, academia, courts) institutional factors. The study of Ageron, Gunasekaran, and Spalanzani (2012) on a sample of 178 French companies investigates the barriers for sustainability at SCM as finance related concerns (financial costs, green investment, return on investment) and supplier-related issues (suppliers‟ facilities, human skills, top management commitment, firm culture). The literature also focuses on the challenges, which are derived from cost, complexity, operationalization, mindset and cultural changes, and uncertainties to make environmentally sustainable SCM (Abbasi and Nilsson, 2012). In their study, Varsei et al. (2014) discuss the enablers and drivers of SSCM based on four theoretical perspectives as (1) resource-based view by explaining the effective deployment of resources to obtain a competitive advantage, (2) institutional theory by emphasizing the institutional pressures on companies to be more sustainable and responsible, (3) stakeholder approach by identifying the needs and interests of salient stakeholders on sustainability, and (4) social network perspective by viewing supply chain as a network of organizations that must work together towards sustainability.

Some studies try to distinguish external and internal motivators/barriers of SSCM; the findings show that leadership, cross-functional collaborations (Walker and Jones, 2012), managerial sustainability values, their desires to manage sustainability-related risks, and long-term strategic orientation (Sajjad, Eweje, and Tappin, 2015) emerged as internal enablers, community/customer expectations (Walker and Jones, 2012; Sajjad et al., 2015), NGO activity, investors‟ interest, government policy/regulations, collaborations with suppliers (Walker and Jones, 2012) are among the external drivers. On the other hand, while the factors such as the

cost and performance pressures, a lack of management commitment, a lack of strategy, organizational reluctance (Walker and Jones, 2012), a lack of awareness/understanding and negative perceptions at organizations (Sajjad et al., 2015) are the internal barriers, communication problems and cultural differences between buyer and suppliers (Walker and Jones, 2012), incompetency of supplier, higher prices by suppliers, and the insufficient support of government are obtained as the external barriers to SSCM implementation (Sajjad et al, 2015).

According to Qorri, Mujkić, and Kraslawski (2018: 579), "the SC (supply chain) strategy is mostly shaped by the focal company or manufacturer which usually has higher influence on other SC members"; the authors propose a framework in which the SSCM strategy/goal of focal company both connects all channel members and interacts with all other aspects of this context as key performance indicators, stakeholders, and sustainability metrics. Therefore, despite the impact of such barriers and motivators, they may have mediating and moderating role on the success of SSCM. Following the learning (Mintzberg, Ahlstrand, and Lampel, 1998) and processual school (Whittington, 2001), the performance of organizations depends on how company navigates its strategic approach throughout the process in line with the emergence of such opportunities and threats. Figure 2 illustrates the role of such enablers and disablers on the link between a company"s strategic approach at SSCM and suppliers-side outcomes. Based on this figure, this section discusses how performance-oriented, risk avoidance-oriented, and collaboration-oriented SSCS affects suppliers" relationship satisfaction and sustainability performance in line with the impact of two moderating variables as institutional duality and ethical value congruence.

Figure 2. A Framework on the Impact of SSCS on Suppliers



3.2. Impact of Strategies Driven by Institutional Logics

3.2.1. Relationship Satisfaction (RS)

Managing the relationship between buyers and suppliers towards building a mutually beneficial cooperation is essential for SSCM when recalling the definition of concept – "…the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e. economic, environmental and social, into account which are derived from customer and stakeholder requirements" (Seuring and Müller, 2008: 1700). Having a satisfactorily relationship among parties increases the level of compliance across suppliers/sub-suppliers and help all chain members to achieve common sustainability goals together. In the SCM literature, supplier satisfaction has been defined as "as the feeling of equity with the relationship no matter what power imbalance exists" (Benton and Maloni, 2005: 2) or "a supplier‟s feeling of fairness with regard to buyer‟s incentives and supplier‟s contributions within an industrial buyer–seller relationship as relates to the supplier‟s need fulfillment, such as the possibility of increased earnings or the realization of cross-selling" (Essig and Amann, 2009: 104). While supplier satisfaction attracts less attention than other tracks of satisfaction research (job satisfaction and customer satisfaction) (Essig and Amann, 2009: 104), measuring it and developing relevant index becomes an important avenue for practitioners to enhance the relationship with suppliers (Hudnurkar and Ambekar, 2019; Meena and Sarmah, 2012).

Developing longstanding relationship with suppliers takes time in line with a sensemaking process of emergent approach rather than technical-rational one (Andersen, Ellegaard, and Kragh, 2016) by considering the differences at the expectations among parties (Chen, Su, and Ro, 2016). Organizations must initiate, cultivate, and manage a relationship that satisfies the needs and expectations of each party, since the level of satisfaction at this relationship affect many subsequent decisions (e.g. the extending or ending the contract) and consequences (e.g. performance indicators). According to Essig and Amann (2009: 104), "an unsatisfied supplier may produce poor quality output, which lowers the quality of the buyer‟s products and again influences the buyer‟s sales volumes and, consequently, profitability…" or "attempt to move to a more satisfactory situation, probably by leaving the existing buyer–seller relationship". For instance, the study of Srinivasan, Mukherjee, and Gaur (2011) on a sample of supply chain professionals at 127 US

companies reveals that there is a positive link between partnership quality and supply chain performance; this link is weakened depending on high environmental uncertainty and strengthened in line with high demand and supply-side risks. On the other hand, another study on 200 manufacturing companies in Ireland finds that while SC relationship quality positively affects SC performance, this link is moderated by the competitive intensity and customer type (Fynes, de Búrca, and Voss, 2005). There are few studies which focus on the impact of buyer-supplier relationship on SSCM context. For instance, while a study in the Indian automobile industry reveals that different stages of supplier relationship – supplier selection, performance, and evaluation – affects TBL positively, except the links of selection-social and development-economical (Kumar and Rahman, 2016), the study of Grimm, Hofstetter, and Sarkis (2018) on food industry in Switzerland reveals that committed long-term relationship as well as the involvement of direct suppliers and buyer-power over direct supplier affects the sub-suppliers‟ assessment and collaboration.

Since the relationship across the members of supply chain is composed of both economic transactions and social interactions, the level of satisfaction at this relationship is affected by the existence of diverse factors. The growing literature on interorganizational relations has elaborated these factors by identifying the quality of relationship in terms of trust, cooperation, power struggles, and so on. Following the study of Naude and Buttle (2000), Fynes, de Búrca, and Voss (2005: 3305) define the concept of relationship quality at supply chain to elaborate such factors; according to the authors, the term refers to “the degree to which both parties in a relationship are engaged in an active, long-term working relationship and operationalize the construct using indicators of trust, adaptation, communication, and cooperation”. In a similar vein, Lahiri, Kedia, and Mukherjee, (2012: 147) use the concept of the partnership quality, which refers to “the perception of the extent of matching or fulfillment of expected outcomes arising out of interorganizational relationship between clients and providers”. In their study, Kumar and Rahman (2016) analyze the buyer-supplier relationship at three stages as supplier selection, supplier development, and supplier performance. The authors investigate that top management commitment on sustainability, which is driven by external influence and expected benefits of sustainability adoption, positively affects these three tasks at managing supplier

relationship. On the other hand, the study of Griffith, Harvey, and Lusch (2006) on a sample of 290 supply chain relationship reveals that the perceived procedural and distributive justice at supplier‟s policies improve the long-term orientation and relationship of distributors, which in turn, reduce conflict and increase satisfaction.

The presence of such relationship quality factors among buyer and suppliers predicts to what extent each party is satisfied with this relationship and intends to maintain in the future. Therefore, organizations manage their relationship in terms of such factors as trust, communication, fairness, cooperation to increase the level of satisfaction among suppliers. Configuring a governance structure, which increases the connection between the focal firm and multi-tier suppliers by managing directly or indirectly, is an increasing trend among global companies (Koberg and Longoni, 2019). In doing so, companies need to manage the relationship with their suppliers, which is sometimes called as supplier engagement in the academic literature, to build trust and ensure communication among partners (Tidy, Wang, and Hall, 2016). As an important aspect of SSCM (Lambert and Schwieterman, 2012), companies must take into consideration their relationship with suppliers at different stages (supplier selection, supplier development, and supplier performance) in line with the top management commitment (Kumar and Rahman, 2016) and integrate different processes in line with company objectives and/or strategic goals of supply chain (Forslund and Jonsson, 2010). Based on a systematic literature review on a 39 studies, Tachizawa and Wong (2014) classify the types of approach that can be adopted by a company when dealing with the sustainability and other challenges of sub-suppliers as *direct*, *indirect*, *work with third-party*, *don't bother*. The authors posit that the contingency factors such as "power, stakeholder pressure, material criticality, industry dynamism/pollution level, dependency, distance and knowledge resources determine the approach chosen by the lead firm to manage the sustainability of lower-tier suppliers" and the different combinations of these factors affect the choice of company negatively or positively (Tachizawa and Wong, 2014: 658).

Based on the above-discussion, it can be stated that managing such relationship is aligned with the buyer‟s overall strategic approach towards their suppliers and adoption of strategy can determine the quality of relationship, which in turn affects the relationship satisfaction. However, the existing strategic

frameworks/approaches towards first-tier suppliers and sub-suppliers in the literature lack a theory-driven coherent approach. Based on the current study‟s classification on SSCS, which are driven by three institutional logics of commercial, public, and social-welfare, this study proposes that each strategic position (performance-oriented, risk avoidance-oriented, and collaboration-oriented) has a different impact (positive or negative) on relationship satisfaction among suppliers due to the idiosyncratic nature of configurations on the qualities of relationship such as trust, power, communication, cooperation, commitment etc.

3.2.2. Sustainability Performance (SP)

The implications of SSCM on performance indicators has become a rising debate by including "stakeholder integration and implementation of standards to supplier partnerships and the development of appropriate performance measures" (Seuring and Gold, 2013). It is clear that one of the most important performance indicators in SSCM context is the sustainability performance of focal firm and all members. The concept can be defined as "the performance of a company in all dimensions and for all drivers of corporate sustainability" (Schaltegger and Wagner, 2006: 2). Since SSCM is linked to "the assumption that a more sustainable performance for businesses would be achieved on its implementation…with respect to all three dimension of sustainability" (Beske and Seuring, 2014: 322), ideally it should be measured based on economic (supply chain cost, service level), social (human rights, society, labor practices and decent work, product responsibility), and environmental [Greenhouse gases (GHG) emissions, energy consumption, waste generation, the use of hazardous and toxic substances, water usage] performance dimensions (Varsei et al., 2014). However, in order to eliminate this conceptual complexity in the literature, some studies align economic sustainability with a firm‟s financial success and business performance measures (such as profit, return on investment, return on assets) (Kähkönen, Lintukangas, and Hallikas, 2018) and refer sustainability performance for only social and environmental performance of companies (Gualandris, Golini, and Kalchschmidt, 2014).

This confusion at the conceptual level manifests itself at the measurement of sustainability performance too. Since performance measurement requires to identify the goals, the priority of sustainability-oriented performance is "to measure,

communicate and reduce the absolute amount of negative environmental and social impacts" by contributing to "a sustainability transformation of markets and society" (Schaltegger and Burritt, 2014: 235). However, measuring sustainability in SCM context has various challenges such as lack of managerial/organizational understanding/control on metrics, diversity of goals among organizations, insufficient information systems or the difficulties in the standardization across measures (Qorri, Mujkić, and Kraslawski, 2018). Due to such difficulties, most organizations use the easy-to-measure indicators of sustainability performance. An analysis of metrics used in the literature reveals that while there is no consensus among companies on how it should be measured, quality, air emission, GHG emissions, energy consumption and energy use are the most frequently used metrics of sustainability performance (Ahi and Searcy, 2015). It can be noticed that all these variables are about solely on environmental sustainability. In their study, Beske-Janssen, Johnson, and Schaltegger (2015) state that among these three dimensions of sustainability performance, the scholars mostly focus the measurement of economic and environmental dimensions and only recently they take social dimension into consideration.

Criticizing such a narrow perspective, which is interested in only one or two dimensions of sustainability, Qorri, Mujkić, and Kraslawski (2018) propose a broader framework that incorporates all dimensions by considering the linkages with diverse stakeholders and overall supply chain strategy/goals. The sustainability performance at SCM is affected by the chosen strategic approach of companies towards its suppliers and stakeholders. While the formulation and implementation of corporate and business unit strategy in line with internal and external drivers may enhance sustainability performance by configuring the sustainability actions (Epstein and Roy, 2001; Kähkönen, Lintukangas, and Hallikas, 2018), a better alignment between management and measurement of performance enhances sustainability performance (Grosvold, Hoejmose, and Roehrich, 2014). Therefore, the difference at sustainability performance of organization can be explained by the diverse strategic approaches of companies. According to Schaltegger and Burritt (2014), three sustainability strategies have substantial results by configuring the different orientations at the measurement and management of sustainability at SSCM context. According to the authors, the *efficiency* approach is operating on the principles of

creating economic value by focusing on eco-efficiency and socio-efficiency of SCM (carbon footprint, use of material, use of energy). While the *consistency* approach aims at replacing "all unsustainable material and energy flows of the whole supply chain with natural, harmless materials", the *sufficiency* approach is guided by the elimination of products, parts in products, steps of SCM etc. (Schaltegger and Burritt, 2014: 236).

Following the broader perspective, which integrates all three components of sustainability, the current study defines sustainability performance in line with TBL. Based on the current study"s classification on SSCS, which are driven by three institutional logics of commercial, public, and social-welfare, this study proposes that each strategic position (performance-oriented, risk avoidance-oriented, and collaboration-oriented) has a different impact (positive or negative) on sustainability performance among suppliers due to the idiosyncratic nature of configurations on the economic, environmental and social dimensions**.**

3.2.3. Institutional Duality (ID)

Due to the geographical dispersion of supply chains during the last decades, buyer organization and their suppliers mostly operate at different countries. Therefore, the economic, social, cultural, or administrative divergence and convergence of institutional contexts across countries can be also taken into account as an important variable when evaluating the success of SSCS. The institutional distance between host and home country (Kostova and Zaheer, 1999), which stems from institutional isomorphism (DiMaggio and Powell, 1983) and institutional complexity (Greenwood et al., 2011) are studied at two levels of institutional uncertainty and institutional difference (Philips et al., 2009). The *institutional difference* across countries is defined as "how well the rules and norms of the supplier country (originally the host country) conform to what a buying firm is accustomed to (in its home country)" by examining "the extent of similarity or dissimilarity (incongruence) between the institutions of two legitimacy contexts, measured as mean differences of the cognitive, normative, and regulative elements of institutions in between the respective legitimacy contexts" (Busse, Kach, and Bode, 2016: 315-317). Institutional difference and its effects on managerial decision making are widely studied in the international business management (IBM) literature

and this phenomenon has been also interchangeably used by the concept of *institutional duality* (Kostova and Roth, 2002). According to Kostova and Roth (2002: 216), institutional duality is a situation when a foreign subsidiary needs to comply with "two distinct sets of isomorphic pressures" from its parent company and host country with "its own institutional patterns specific to that domain" to maintain legitimacy at both contexts.

The growing literature on strategic management has provided some interesting findings on the role of institutional difference on the location selection and further managerial decisions of foreign-owned or multinational companies at a host country as well as its impact on the strategic alliances. For instance, as the first research track, IBM literature investigates that companies are sensitive to institutional difference in between home and host countries depending on the nature of sectors (Shah et al., 2019), they have better chance of survival in institutionally distant countries when parent company has more ownership (Gaur and Lu, 2007) or use social control as a way of legitimizing and institutionalization of their approach by subsidiaries to overcome institutional duality (Brenner and Ambos, 2013). The latter research track on strategic alliances provides also a useful insight on the role of institutional distance/duality. The study of Choi and Contractor (2016) on a sample of 237 international alliances reveals four patterns of R&D governance modes; according to the authors, when the higher the distance at human capital and cultural distance between partners from different nations, the less they use an integrated governance mode, which requires an intense knowledge transfer and learning between partners. On the other hand, a longitudinal study on a sample of 110 pharmaceutical companies in UK distinguishes two different innovation performance patterns at the alliances in line with the formal and informal institutional differences (Filiou and Golesorkhi, 2016).

The literature review of Ahworegba (2018) on 91 publications between 1967 and 2017 summarizes the core focus of IBM literature on institutional duality by indicating that most multinational companies attempt to reconcile the tensions in between their parent companies and the environmental pressures at their host country to obtain legitimacy of their operations. Although it has been less studied by SCM scholars, a similar tension exists in this context too. Taking a paradox perspective, which emphasizes the tradeoffs across SSCM, Xiao et al. (2019) state that such

paradoxical tensions and conflicts are particularly apparent in between the socioeconomic conditions of suppliers from emerging country context and the demands of Western customers on cost and sustainability. Institutional duality becomes a significant problem in the case of CSR and sustainability adoption of companies operating at diverse contexts (Doh, Husted, and Yand, 2013). Therefore, while the low level of difference across contexts can enhance the suppliers‟ compliance and increase the cooperation among parties (Adebanjo et al., 2013), a high level of distance unveils new challenges for SCM members (Wilhelm et al., 2016) by reducing the effectiveness of suppliers (Silvestre, 2015), creating role hazard among partners (Dong, Ju, and Fang, 2016) or forcing them to decouple their activities depending on diverse demands of different contexts (Busse, Kach, and Bode, 2016).

Sauer and Seuring (2018: 561) indicate the importance of studying the direct environment of suppliers and buyers as "sources of institutional pressures for sustainability, which can either compete with or support each other in the quest for supplier compliance with their institutions". Considering the different relational spaces of multi-tier supply chains, the authors suggest a three-dimensional framework, which is composed of the degree of institutional distance (high or low), buyers‟ need to manage the supply uncertainty regarding with the compliance of suppliers to SSCM (high or low), and buyers‟ ability to manage demand uncertainty (high or low). For instance, when institutional distance is high between contexts, the sustainability of suppliers can be rewarded at one context, but not in other relational space. Whereas, a buyer‟s *need* and *ability* to manage the supply and demand uncertainty is high, when supplier is important for the buyer (e.g. supplier provides an important input for this buyer) and when buyer is important for this supplier (e.g. buyer is major customer of this supplier), respectively.

It can be noticed that companies must also take into account the problems arisen from institutional duality. Managers focus more on contextualizing to alleviate such tensions and paradoxes in SSCM by developing some specific strategies and practices to address institutional duality across buyer and suppliers. In doing so, they can increase the level of compliance of their suppliers and enhance sustainability across SCM.

3.2.4. Ethical Value Congruence (VC)

Scott (2014: 64) defines *values* as "conceptions of the preferred or the desirable together with the construction of standards to which existing structures or behaviors can be compared and assessed". The initial focus on values is based on their critical role in decision making process; that is, they provide criteria for decision making. In order to understand how values affect decision making at the interplay of both personal and organizational level, Liedtka (1989: 805-7) developed a „value congruence model". The model analyzes a situation with regards to conflict and conformity "within and between the personal values of the manager and the larger values held by the organizational culture, which the situation calls into play". Since the absence of value congruence between this dyad leads to problems, they should be clarified (i.e., whose values dominates the decision making process) (Liedtka, 1989; Posner and Schmidt, 1993). On the other hand, the study of Wang and Zhang (2016: 1) puts forward that values can be used to govern relations. Organization values which are considered crucial in understanding actions within and across organizations have an impact on organizational performance. Wang and Zhang (2016: 2-3) analyzes organizational values in two exchanges: intra-organization value congruence and inter-organization value congruence. While the former one indicates the harmony of values between individuals and organizations (e.g., subordinate-supervisor and employee-organization), the latter exchange refers to the extent that organizations have in common values embedded in a company"s goals, norms and interests (e.g., manufacturer-distributer and buyer-supplier). Considering relative stability of values, they might create heterogeneity between organizations, and companies compare their values after the identification of values of their partners. Nevertheless, value congruence differs from goal compatibility. Goal compatibility as a distinct type of inter-organization congruence on the basis of bilateral understandings and approaches focuses on reaching joint outcomes. In addition, value congruence varies from any types of resource sharing since values represent a company"s characteristics rather than a result of joint investment or coordination.

Given the model developed by Liedtka (1989), there is a considerable amount of published research in business ethics and personal selling and sales management literature, which study ethical value congruence and its impact on managerial

decision making. For example, the study of Posner and Schmidt (1993) on a sample of 1,059 managers examines the impact of value congruence on their work attitudes and perceptions of ethical practices within their firms. Similarly, Grant and Bush (1996) investigate sales force socialization tactics in terms of building organizational value congruence and then conduct an empirical study in order to measure value congruence between salespeople and sales manager. As another example, Schwepker Jr. (1999) thinks that value congruence is a significant determinant of job-related outcomes and empirically analyzes the impact of ethical conflict on organizational commitment and turnover intentions of salespeople. A study of Lamm, Gordon, and Purser (2010) applies a survey on 211 working MBA students and 95 employees in a non-profit agency in order to explore "the relationship between perceived value congruence and behavioral support for organizational change" and the results reveal that value congruence has an association with behavioral support for organizational change. Although there is limited study in the supply chain management literature, the extant ones will help to understand the moderating impact of ethical value congruence between buyer and supplier. For instance, a study of Wang and Zhang (2016) on a sample of 278 manufacturing companies explores the effect of value congruence between manufacturers and their primary distributors. The results unveil that distributors' performance is positively affected by value congruence. Furthermore, Cousins, Handfield, Lawson, and Petersen (2006) have a study on the creation of „supply chain relational capital" that analyzes the effect of formal and informal processes. The study of 111 manufacturing company in the United Kingdom (UK) confirms that informal socialization processes (i.e. „informal interactions to create a value congruence or alignment") which are critical in the creation of relational capital enhance supplier relationship outcomes.

It can be stated that companies must create ethical value congruence in order to successfully work together in the context of buyer and supplier relationships. (Cousins et al., 2016: 854-5). Having a joint understanding on the ethical values enables buyer company to apply some certain strategies and practices; hence, the level of compliance of supplier can increase.

3.3. Hypothesis Development

Following SSCS classification of this study, the implications of such strategic approaches on the relationship satisfaction and sustainability performance are discussed below.

3.3.1. Impact of Performance-oriented Strategy

Performance-oriented strategy is driven by commercial logic, which determines the rules of the exchange among parties in accordance with capitalistic system. Companies take a minimalist political perspective in the free market system where they focus on the cost reduction and profit maximization. Therefore, the cost-benefit analysis of buyer mostly determines the basis of relationship with suppliers. As the manifestation of commercial logic, this strategy focuses on the development of suppliers in terms of some pre-specified criteria that will be beneficial for the company itself. Therefore, buyer must build a system, which enables to measure the progress of their suppliers and compares their progress over time among other suppliers/alternative suppliers. For instance, a focus on the performance management process of on-time delivery results in identifying the activities such as defining metrics, target setting, measurement, and analysis (Forslund and Jonsson, 2010).

The relationship is mostly characterized by a rational-technical orientation, which relies on Rousseau et al.‟s (1998) *calculative trust*. For instance, the study of Akrout and Diallo (2017) finds that calculative trust in buyer-supplier link has no effect on relationship investment, which might be in the form of material and non-material, or confidential communication that encourages the exchange of confidential information. Buyer organization intends to maintain its relationship with a supplier so long as this relationship is profitable for itself; considering the nature of trust, this might be true for suppliers too. Suppliers can also evaluate other party from a rational perspective and it stays within the performance management systems of buyer so long as the benefits of relationship exceed its costs. Moreover, buyer tends to rely on third-party certification systems and performance metrics rather than the self-assessment tools used by suppliers. In such a relationship, the parties less committed to each other and less likely see each other a long-term business partner. Adopting the standards of certification system, however, can enhance the suppliers‟ conditions such as cost/waste reduction, standardized communication etc. (Curkovic

and Sroufe, 2011) and might be beneficial for them too. Therefore, following the hypothesis development/testing approach of Akrout and Diallo (2017) on the link between calculative trust and relationship investments/confidential communication, the following hypothesis is proposed:

H1a: Performance-oriented strategic approach of buyer organization has no effect on the relationship satisfaction of supplier.

It can be noticed that performance-oriented strategic approach, which is driven by commercial logic, mainly focuses on a company‟s financial and market performance. The literature provides some studies, which find positive link between a focus on profitability/competitiveness and corporate sustainability. For instance, while a study on 259 German companies finds that SSCM practices of buyer organization mediate the link between *relational motives,* which focus on the competitiveness of focal company, and environmental performance (Paulraj, Chen, and Blome, 2017), another study on 134 Chinese manufacturing exporters reveals that *customer pressure* has a positive impact on *green logistics management*, which in turn affects environmental and operational performance (Lai and Wong, 2012).

The studies in the literature investigate the impact of some SSCM practices, which can be seen as practices driven by performance-oriented strategy, on sustainability performance too. For instance, since adopting a third-party certification and labeling is viewed as a source of legitimacy at commercial logic, the pressures of buyer organization on its suppliers to obtain such systems have some positive implications on sustainability performance. The aforementioned study of Curkovic and Sroufe (2011) proposes that plants with ISO 14001 by interacting with other registered plants might have higher levels of involvement and communication, which will integrate the supply chain members. On the other hand, a study on 141 automobile manufacturers in India suggests that the integration of *supplier performance review system* in a company‟s sustainability standard improves all three dimensions of sustainability performance; the positive link is stronger between performance assessment and social sustainability (Kumar and Rahman, 2016).

H2a: Performance-oriented strategic approach of buyer organization positively affects the sustainability performance of supplier.

3.3.2. Impact of Risk avoidance-oriented Strategy

Risk avoidance-oriented strategy is driven by public-sector logic that attempts to align business organizations to the dominant regulatory/bureaucratic actors and their rules in a given society. Companies adopt communitarian political perspective, which highlights the importance of having good relationship with society and its political representatives as local and central governments. Since obeying the legal and social rules and norms of society has priority at SSCM, buyer organization lead their suppliers to align their operations based on the demands of salient stakeholders of national/local community as the source of authority. Therefore, monitoring and controlling the suppliers‟ level of compliance to buyer‟s SSCM guidelines and code of conduct, which reflect such local concerns, is essential to ensure the safe and sound position of buyer in the given context.

The mechanism relies on Rousseau et al.‟s (1998) *institutional-based trust*, which stems from the legal and cultural systems of society. In this case, buyer can trust to a supplier when it perceives little or no risk at this exchange relationship (Laeequddin et al., 2010). Therefore, the goal of buyer is to meet the minimum requirements of local norms and regulations such as the use of child/forced labor, worker safety, product design etc. Sustainability is not an inherent characteristic of buyer‟s approach and it does not aim at exceeding such minimum requirements. Since the authenticity of approach can be perceived as low by the suppliers, their commitment to the system might be limited by meeting these minimum requirements too. Such a relationship can hardly generate a collaborative and cooperative atmosphere between buyer and supplier. Applying a strict controlling mechanism, which might involve on-site visits without announcement or a documentation requirement along with a third-party‟ involvement can be detrimental to the relationship between parties. If suppliers have already aligned its operations in accordance with the local norms and rules and want to do something more in terms of increasing their sustainability, they find the existing system useless and worthless for their capability development. Therefore, the relationship with buyer organization might be perceived inadequate to meet their expectations and demands in the long run.

Based on this discussion, the following hypothesis is proposed:

H1b: Risk avoidance-oriented strategic approach of buyer organization negatively affects the relationship satisfaction of supplier.

Risk avoidance-oriented strategy requires addressing the demands and expectations of public sector stakeholders. The public, government agencies, opinion leaders are among such stakeholders that provide the norms of appropriate corporate behaviors in line with a process of sociopolitical legitimation (Aldrich and Fiol, 1994). For instance, the demands of local/central government agencies are usually backed up with a legal framework, which creates a pressure on firms to comply with this framework [e.g. the corporate responses to new legislation on affirmative action and equal employment (Edelman, 1992), maternity leave policies (Kelly and Dobbin, 1999)]. As one of the isomorphism mechanism, together with normative and mimetic, coercive pressures are exerted by government agencies (DiMaggio and Powell, 1983) and frequently studied in the literature. For instance, the study of Clemens and Douglas (2006) on 107 companies in U.S. steel industry reveals that external coercion leads firms to adopt green initiatives voluntarily; however, this link becomes insignificant when firms have superior resources to devote for environmental strategies and becomes stronger when the firm has low levels of such resources. According to the authors, this result indicates that "firms which have developed these superior firm resources, coercive forces are no longer necessary to encourage additional voluntary green initiatives", whereas such governmental pressures are effective for firms with little or no resources on environmental strategies (Clemens and Douglas, 2006: 488). Similarly, the findings of a study on Chinese manufacturing exporters show that the links between *green logistics management* and *environmental*/ *operational performances* are significant when there is high environmental regulatory pressures; whereas, the links are insignificant for the group, which experiences low regulatory pressures (Lai and Wong, 2012). These studies show that the impact of such coercive pressures are highly context dependent; it drives companies to adopt sustainability when companies do not voluntarily spare their resources to sustainability (Clemens and Douglas, 2006) or yields some positive results when there is exerted seriously (Lai and Wong, 2012). However, it does not work when there is no such firm-specific or contextual factors.

Moreover, some studies provide results on the impact of some SSCM practices which can be classified within the risk avoidance-oriented strategy. For instance, a study on a sample of companies at various sectors in Finland finds that SCM practices on *guidelines*, which is composed of "standardization, certification,

and labeling to ensure the *regulation* of activities", have no effect on sustainability performance (Kähkönen, Lintukangas, and Hallikas, 2018: 526). Although the findings reveals that some sustainability practices (*reporting*, *SCM upstream* and *SCM downstream*) explain the significant share of sustainable performance at organizations, the measurement of variables involves practices, which might fall into two or more strategies simultaneously (e.g. supplier performance, responsible buying).

Therefore, it can be proposed that a risk avoidance-oriented strategic approach, which is driven by public-sector logic and its major actors such as society in general and government, can disable firms to enhance sustainability performance.

H2b: Risk avoidance-oriented strategic approach of buyer organization negatively affects the sustainability performance of supplier.

3.3.3. Impact of Collaboration-oriented Strategy

Recalling from the previous chapter, this strategy stems from social-welfare logic, which emphasizes the universal ethical and sustainability principles as a political perspective. Companies act as a global business citizen and focus on environmental, social, and economic sustainability and equality in all around the world. Since the sources of authority is the commonly accepted norms, standards, and values of international/intergovernmental organizations by representing the rights of global community and nature, buyer adopts an inclusive stakeholder approach, which is not only interested in satisfying the expectations of salient stakeholders, but also considers the needs of diverse stakeholders. Therefore, the creation of a surplus value for all stakeholders is essential to achieve the system-level sustainability. By adopting proactive management strategy, a buyer views its suppliers as business partners and focuses on the improvement of awareness, knowledge and innovation capacity. Supply chain partners are the members in a network of global stakeholders. Buyer can operationalize these SSCM goals by collaborating with their suppliers and ensuring a good communication system between parties. Moreover, since learning and innovation are seen as the essential components of a successful SSCM, buyer can also encourage suppliers or collaborate on innovation.

In line with this holistic perspective of buyer, the supplier relationship is built

around Rousseau et al.‟s (1998) *relational trust* by emphasizing the development of positive emotions and expectations among parties in a longstanding relationship. Considering the level of trust among parties, suppliers know that buyer is open to listen their needs and expectations and recognize the contribution of buyer to their well-being too. The study of Kingshott (2006) on supplier-buyer link, the development of a psychological contract deriving from the reciprocal obligations based on relational orientation and trust increases the level of trust and commitment among parties. In their aforementioned study, Akrout and Diallo (2017) investigate the trust building process over time by considering the interlinkages among calculative, cognitive, and affective trust and propose that affective trust, which occurs in the later stage of process, improves both relationship investments and confidential communication as the components of behavioral trust. Both buyer and supplier perceive the link between parties as an economic as well as a social exchange process and work towards generating a mutually beneficial outcome. Based on this discussion, the following hypothesis is proposed:

H1c: Collaboration-oriented strategic approach of buyer organization positively affects the relationship satisfaction of supplier.

The studies in the literature focus on the impact of collaboration-oriented strategy – as in the form of motives or relevant practices – on sustainability performance. For instance, the aforementioned study of Paulraj, Chen, and Blome (2017) reveals that SSCM, focusing on collaboration and product/process design, fully mediates the link between *moral motives*, which is derived from company‟s responsibility approach and genuine concern for environment, and *environmental performance*. Moreover, while the study of Wijethilake (2017) finds that a sustainability system improves sustainability performance when organizations adopt environmentally and socially oriented strategies, a cross-country study on 336 manufacturing companies across 21 countries reveals that the adoption of SSCM practices on improving environmental performance and CSR of suppliers leads a higher level of environmental and social sustainability performance at manufacturing organizations (Gualandris, Golini, and Kalchschmidt, 2014). In a similar vein, the study of Wijethilake (2017) on a sample of 175 MNEs and local companies in Sri Lanka attempts to investigate to what extent *sustainability control systems* translate

economic strategy, which involves goals related with financial performance and competitiveness (Steurer et al., 2005), into *corporate sustainability performance*; although the study finds no mediation effect in between *economic strategy* and sustainability performance, there is a mediating impact of *environmental* and *social strategies.* A survey on Indian automotive industry also shows that developing suppliers through technology/information/knowledge sharing etc. can positively affect social and environmental dimensions of sustainability; but it has no effect on economic sustainability (Kumar and Rahman, 2016). In sum, a collaboration-oriented strategy, which attempts to improve the suppliers‟ awareness, knowledge, resources, and capabilities on sustainability, enhances sustainability performance. Based on the discussion, the following hypothesis is proposed:

H2c: Collaboration-oriented strategic approach of buyer organization positively affects the sustainability performance of supplier.

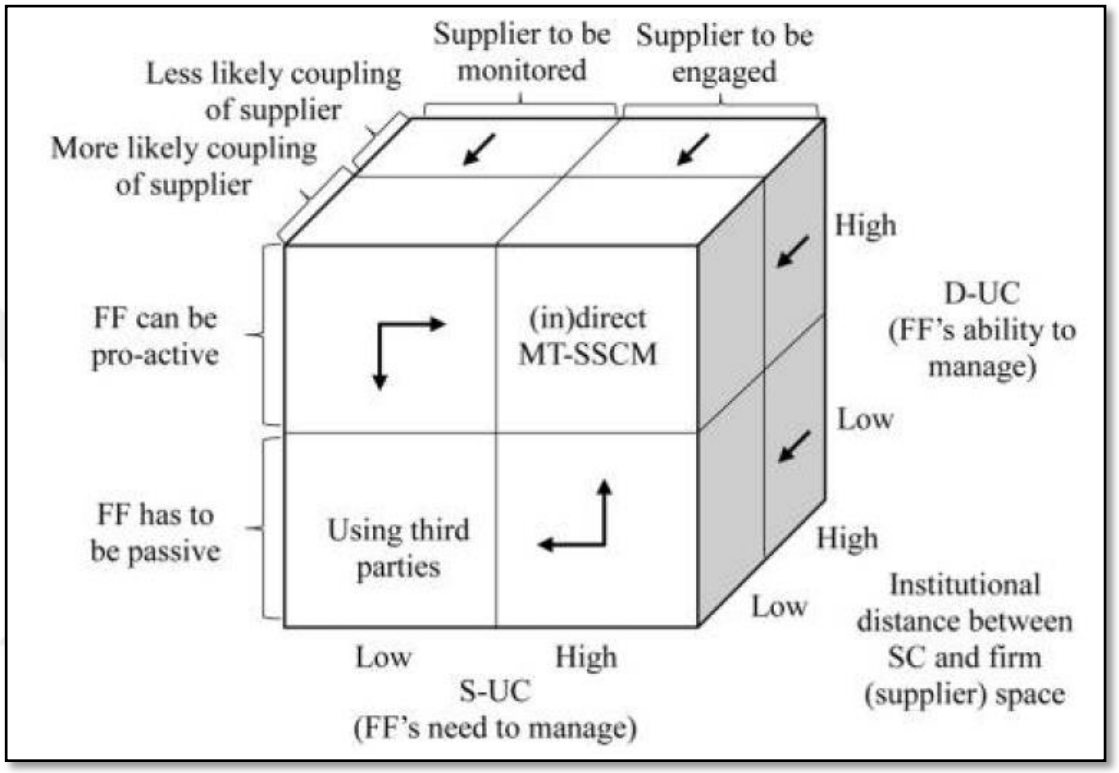
3.3.4. Moderating Impact of Institutional Duality

Institutional differences across contexts as well as how managers make sense of such differences when formulating and implementing the relevant strategies and practices are important to understand the behaviors of organizations which are operating at the global scale (Zheng, 2016). For instance, the study of Dong, Ju, and Fang (2016) on the dyadic supply chain relations at China reveals that the role ambiguity and role conflict, which stem from the sub-national institutional distance, are harmful for supply chain performance. According to the authors, the problem can be addressed by the strategies which promote information sharing and dynamic adaptation across supply chain partners.

Based on their three-dimensional framework, which is explained in the previous section, Sauer and Seuring (2018) provide different strategic directions for buyers for the possible combinations of these three dimensions (Figure 3). For instance, when buyer‟s need and ability to manage suppliers is low, it may implement Seuring and Müller‟s (2008) norm strategies by focusing on minimizing risk and effort with a passive management/monitoring practices at SSCM. Whereas, when buyer‟s ability to manage its suppliers‟ is high, it might follow invest in higher management efforts that enhance sustainability. However, since the mixed cells “encompass a lack of required inputs” in either cases, these options render “all

practices ineffective; therefore, the authors suggest to “move away from the mixed cells” by changing supply uncertainty, demand uncertainty, enhancing relationships with suppliers when institutional distance is low, or suppliers when institutional distance is high.

Figure 3. Three-dimensional framework for multi-tier SSCM



Source: Sauer and Seuring (2018).

It can be noticed that buyer organization must adopt a suitable strategic approach to manage its relationship with suppliers at diverse institutional contexts, which can be very different from its own setting. Buyer‟s strategies towards institutional duality might help to alleviate such these tensions across diverse institutional contexts and help them to improve the impact of their performance-oriented, risk avoidance-oriented, and collaboration-oriented strategies. Based on this discussion, the following hypotheses are proposed:

H3a: *Strategies for managing ID moderate the link between performance-oriented strategies and sustainability performance; the better ID management will strengthen the impact of performance-oriented strategies on sustainability performance.*

H3b: *Strategies for managing ID moderate the link between risk avoidance-oriented strategies and sustainability performance; the better ID management will strengthen the impact of risk avoidance-oriented strategies on sustainability performance.*

H3c: *Strategies for managing ID moderate the link between collaboration-oriented strategies and sustainability performance; the better ID management will strengthen the impact of collaboration-oriented strategies on sustainability performance.*

3.3.5. Moderating Impact of Ethical Value Congruence

According to the recent literature review of Dubey et al. (2017), there is only a limited amount of study which regards the social values and ethics dimension in SSCM. While both the environmental and economic dimensions are overemphasized, the social issues like "child labor, health issues, compensation, discrimination on the basis of ethnicity, caste or creed, and exploitation of workers" are insufficiently addressed.

However, the level of ethical value congruence between buyer and supplier is critical to the impact of SSCS. Given the „œognitive moral development‟ (CMD) theory developed by Kohlberg (1981), ethical stance of supplier is crucial for the implementation of SSCS. The theory of CMD as initially defined by Piaget (1965), then refined, and researched by Kohlberg (1981, 1984) represents the transformations that occur in a person's form or structure of thought. In CMD, Kohlberg presents a theory to explain the types of moral developments within three main stages: *pre-conventional*, *conventional* and *post-conventional*. *Pre-conventional* level suggests that the person "takes cultural rules and signs of good and bad, right or wrong into consideration; however, comments these signs either in

terms of the physical or the hedonistic consequences of action such as punishment, reward, exchange of favors or in terms of physical power of authority who states the rules and signs". In the *conventional level*, sustaining expectations of the person‟s "family, group, or nation‟ is seen as valuable in its own right without considering immediate and obvious consequences. The attitude is explained by both „conformity to personal expectations and social order‟ and „loyalty to it, of actively maintaining, supporting, and justifying the order and identifying with the persons or group involved in it". *Post-conventional level* requires the person to make a clear effort to define "moral values and principles that have validity and application apart from the authority of the groups or persons holding these principles and apart from his/her own identification with these groups" (Kohlberg, 1971; Kohlberg and Hersh, 1977; Kohlberg, 1978). Among other things, "individuals at various stages of moral development can exist in groups with normative systems that differ from their own level of moral development. However, behavioral compliance with a group or organizational climate incongruent with an individual's level of moral development may lead to adaptive reactions" (Victor and Cullen, 1988:105). CMD has been widely used in the business ethics literature since the 1980s (e.g. Fraedrich, Thorne, and Ferrell, 1994; Trevino, 1992; Longsdon and Yuthas, 1997). In one of this early study, Victor and Cullen (1987) extended CMD to organizations and suggest that organizational ethical climate has been also evolved in line with this model and managers have used the organizational ethical climate to perceive and frame the business related issues. As the decision makers, those managers by taking a moral development stance can largely affect their organizational goals and ethical behaviors (Forte, 2004). Therefore, the same path, which is used for individuals, groups, organizations, and manager-employee relationships respectively, can be applicable to measure the congruence of ethical values between buyer and supplier. In doing so, the buyer can bridge and bond the supplier‟s moral development level with its ethical values and apply the appropriate SSCS in this regard. The higher the degree of value congruence between buyer and supplier is, the more likely the impact of SSCS implemented by buyer will be high and satisfactory.

By the same token, the study of Anthony, Helen, and Mohamed (2014) uncovers that "empirical, behavioral decision analysis for SSCM is considered alongside normative rational analysis for the first time. Value-focused decision

theory appears useful for unstructured decision contexts found in SSCM". On the other hand, the study of Sauer and Seuring (2018) discusses the importance of fateful interaction at a common meaning system to gain legitimacy. The authors define an institutional field as a "relational space in which organizations relate to or involve themselves with each other". Within the field, sharing a common meaning system and having more frequent fateful interactions with actors in comparison with the ones outside the field enable organizations to gain legitimacy and implement SSCM at which "it is already synonymously used as „guiding" or „guardrail value" and „strategic values" or „orientation" ". Hence, it is obvious that the argument which sees SCM as an "almost technical, rationality and efficiency-focused discipline" is inconsistent with the common meaning system. Mutual interaction between social and relational factors is closely associated with multi-tier SSCM and SC risk management. For example, while a company is choosing a relevant risk-management response such as „avoid, control, share, and retain", a number of criteria should be considered: "the drivers of sustainability-related risks and „anchored to what is an acceptable range of solutions that match the sustainability values of a company", and the cost of implementation" (Giannakis and Papadopoulos, 2016: 458). In a similar vein, the study of Chen et al. (2016) on perception gaps in supply chain relationships states that when buyers make relationship continuance decisions, they have a tendency to „value relational norms more than dependence contrary to supplier expectations". The study of Sajjad et al. (2015) also reveals that analogous to results of prior studies, "ethical values and moral beliefs as well as sustainability principles encourage management to embrace the SCM approach". Nevertheless, the study of Akrout and Diallo (2017) asserts that "Shared values play a critical role in the development of affective trust in business-to-business relationships…The perception of shared values indicates membership in the same clan or reference group, so the partners, in transactions, can substitute for each other. Shared values reduce the differences between partners and stimulate their „chemistry". Despite a general consensus that shared values are determinants of trust, most researchers refer only to ethical values to explain trust. Such an approach is understandable, because boundary spanners cannot easily assess the similarity of values between organizations, beyond compliance with legislation. However, shared values between seller and buyer might be informative…" But the result of the hypothesis on the positive impact of shared

values on affective trust is not confirmed. The authors then suggest that it is essential to clearly identify the values which are most significant between buyers and seller to share. Lastly, Hamprecht and Schwarzkopf (2014) who study on subsidiary initiatives in the institutional environment, make an effort to explain deviations from organizational values of headquarters of MNCs. Unlike the previous studies which acknowledge that MNCs identify their environmental strategies and make suppliers obligatory to implement them; the authors discover that three factors including the "norms and values of the headquarters, the norms and values of the subsidiary and the norms and values of the subsidiary"s external institutional environment" are best fit to explain the subsidiaries practices.

In line with the discussions above, it can be stated buyer must match ethical stance of supplier with the sustainability values of its organization in order to create a kind of „a common meaning system" and then adopt an appropriate SSCS. The higher the degree of value congruence between buyer and supplier is, the more likely the impact of SSCS on relationship satisfaction and/or sustainability performance will be high and satisfactory. Based on this discussion, the following hypotheses are proposed:

H4a: Value congruence between buyer-supplier moderates the link between performance-oriented strategies and relationship satisfaction; the higher level of value congruence will strengthen the impact of performance-oriented strategies on relationship satisfaction.

H4b: Value congruence between buyer-supplier moderates the link between risk avoidance-oriented strategies and relationship satisfaction; the higher level of value congruence will strengthen the impact of risk avoidance-oriented strategies on relationship satisfaction.

H4c: Value congruence between buyer-supplier moderates the link between collaboration-oriented strategies and relationship satisfaction; the higher level of value congruence will strengthen the impact of collaboration-oriented strategies on relationship satisfaction.

H5a: Value congruence between buyer-supplier moderates the link between

performance-oriented strategies and sustainability performance; the higher level of value congruence will strengthen the impact of performance-oriented strategies on sustainability performance.

H5b: Value congruence between buyer-supplier moderates the link between risk avoidance-oriented strategies and sustainability performance; the higher level of value congruence will strengthen the impact of risk avoidance oriented strategies on sustainability performance.

H5c: Value congruence between buyer-supplier moderates the link between collaboration-oriented strategies and sustainability performance; the higher level of value congruence will strengthen the impact of collaboration-oriented strategies on sustainability performance.

3.4. Study Model

Figure 4 presents the study model which involves proposed links among variables.

Figure 4. Study Model

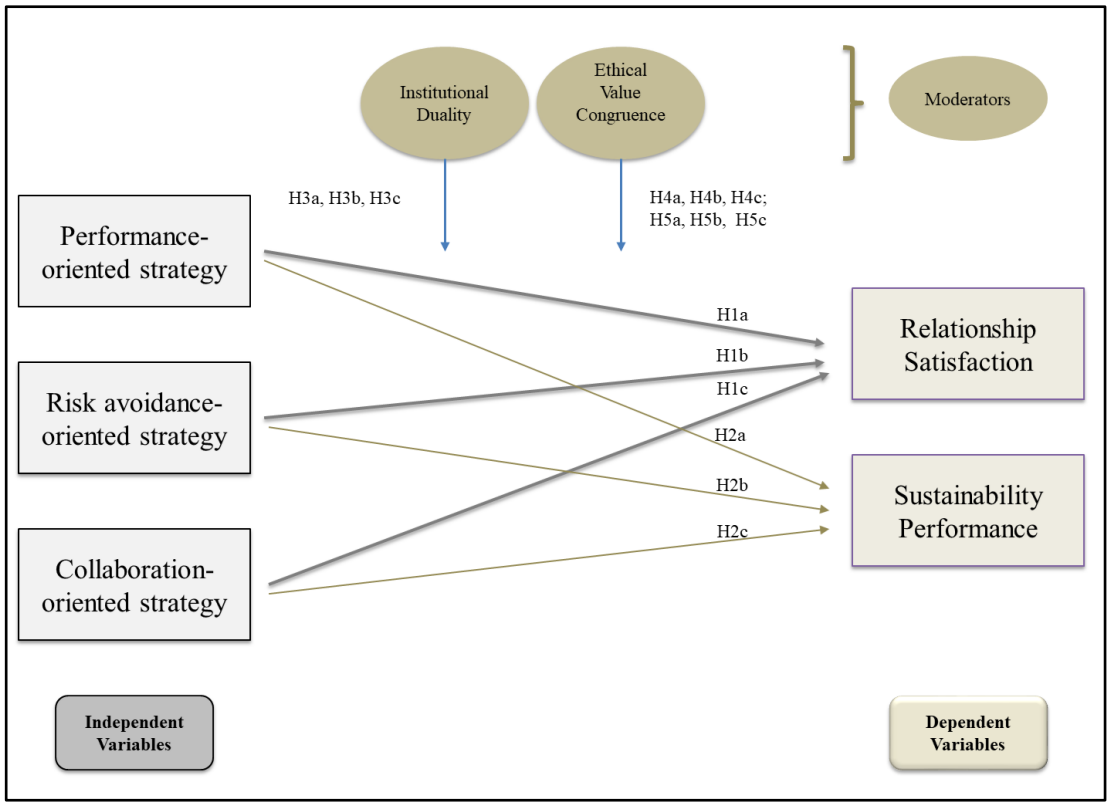


Figure 4 shows the classification of SSCS, which are driven by three institutional logics of commercial, public, and social-welfare, as independent variables on the right. Each strategic position (performance-oriented, risk avoidance-oriented, and collaboration-oriented) has a different impact (positive or negative) on relationship satisfaction and sustainability performance (i.e. dependent variables). Institutional duality and ethical value congruence embodied in the model are supposed to moderate the link between independent variables (performance-oriented, risk avoidance-oriented, and collaboration-oriented) and dependent variables (ID for sustainability performance; VC for relationship satisfaction and sustainability performance).

CHAPTER 4
METHODOLOGY

4.1. Research Design

Adopting a *critical realist perspective*, which views social phenomena too complex to be adequately understood by a single approach with considering their theory-laden nature and embeddedness in language, *a pluralistic methodology* was followed to obtain "a richer insights and explanations of a phenomenon" and increase validity and reliability (Van de Ven, 2007: 20). The *mixed-method approach* of current study was built on a qualitative and a quantitative study (Molina-Azorin, Bergh, Corley, and Ketchen, 2017: 80) to generate rich data in the forms of semi-structured interviews and a survey to derive "…patterns or trajectories based on interpretive comparison of themes…" (Gibson, 2017: 195). As a strategy of triangulation, this research aims to reveal both the convergent and divergent explanations in a holistic and integrative manner by observing the similarities, consensus, overall tendencies (Van de Ven, 2007: 15) as well as tensions, inconsistencies, and arbitrages across different data sources (Friedman, 2000).

4.2. Context

The extensive review of literature shows that there is a need for conducting more studies on the industries at emerging economies (Delai and Takahashi, 2013; Silvestre, 2015; Rajeev et al., 2017; Gómez-Luciano et al., 2018; Jia, Zuluaga, Bailey, and Rueda, 2018). In fact, there is a lack of understanding on how buyer companies operating in developing countries integrate sustainability into their supply chains on the one hand, and the contribution of suppliers in the developing countries to the sustainability of the supply chain on the other (Silvestre, 2015: 1; Gómez-Luciano, 2018: 3). It is crucial to acknowledge those developing countries as key players in global supply chains and thus explore their initiatives towards sustainable development since their global relevance has been expanding. In return, supplier companies in developing countries can take the opportunity to enhance their environmental and social performance while simultaneously increasing their competitiveness and realizing their business goals. Considering the fact that SSCM practices are context-specific in which the different logics of companies operating in

developing countries would contribute to the identification of roadmaps to accomplish sustainability (Jia, 2018: 2-18). Therefore, the current study identifies the research setting as Turkey, which has been viewed as a production hub for most western multinational companies. The sample of study is composed of suppliers of nine separate MNCs.

4.3. Study 1: Interview

4.3.1. Measurement Development

Although strategy is used interchangeably with the concept of practice in SSCM literature, the former indicates a roadmap on how sustainability should be managed across the supply chain, while the latter represents the relevant actions that are taken to address these pre-specified strategic goals during the implementation stage. Since there is a linchpin between strategy and practice, while the strategies are subject to change depending on the emerging and unexpected circumstances at the subsequent stages (Mintzberg, 1987; Mintzberg and Lampel, 1999), the practices may still reflect a strategic sense of direction. Therefore, the current study takes strategies as upper construct which is composed of relevant practices towards suppliers. Considering the coupling between logics and practices (Thornton et al., 2012), it is assumed that institutional logics manifest themselves in the concrete actions and decisions of actors. Therefore, the interviews were designed to obtain the supply chain approach and strategies of buyer firm. Based on the study of Grimm et al. (2016) and the relevant literature, interview questions were generated in the light of study (Appendix B). The interview questions which were grouped under four building blocks including supply chain structure, sustainability issues, sustainability requirements, and supplier management approaches were aimed at capturing the whole essence of SSCM practices (Das, 2017: 10). In addition to four main parts, there was an introductory part which contained questions on the company profile such as founding year, number of employees, total sales revenue from domestic and foreign markets, number of buyer companies to supplied product in total, number of countries and continents in which buyer companies operate their activities, the duration worked as a supplier, intensity of production supplied to buyer, and growth rate in terms of turnover and quantitative in the last 1, 3 and 5 years. By the way, concerning the rest of questions, interviewees were requested to consider the

company the most intensely work with.

Most companies develop their own code of conducts for SSCM based on the existing guidelines that are provided by international, national or industry-level organizations (e.g. Global Reporting Initiative, International Labor Organization, Ethical Trade Organization). However, the broad scope of those guidelines (DesJardins, 2016) as well as the companies interests‟ to use a wide range of references simultaneously (Turker and Altuntas, 2014) might turn those documents no more than a statement of aspiration. Therefore, the current study assumes that those code of conducts are channeled into action through the SSCM strategies of buyer companies. In order to obtain how these strategies are implemented in the factory floors, the semi-structured interviews are conducted across the suppliers of nine companies.

4.3.2. Data Collection and Analysis

The research setting of study is Turkey, which has been viewed as a production hub for most western multinational companies. The sample of study is composed of 21 interviewees from nine suppliers of nine separate MNCs. The data was derived through semi-structured interviews at two months in 2017. And for confidentiality reasons, the selected companies were labeled as Textile 1, 2, 3; Furniture 1, 2, 3; Automotive 1, 2, 3.

According to Pagell and Shevchenko (2014), most studies in the literature focus on the familiar practices; however, creating a truly sustainable chains requires a mindset with new/radical practices. In order to capture such practices that are not explicitly mentioned in the current literature, an interview study was conducted on a sample of companies. In doing so, this interview aims at providing a basis of relevant strategies and practices for the subsequent step of process.

The underlying reason behind conducting an interview was to explore “a contemporary phenomenon within some real-life context” (Yin, 2002: 1), which gave life and reality to the theoretical framework developed in the previous chapters. Furthermore, quantitative study which included a survey was grounded on the interview results; in fact, the findings helped in designing a preliminary questionnaire of SSCM based on the research objective of the current study.

Prior to starting the data collection process, a case study protocol which

encompasses in research objective and questions, case study schedules and methodological reminders, was designed with the aim of operationalization of the interview questions. The protocol which includes „the instrument, procedures and general rules" to be pursued, is a prerequisite for conducting a multiple-case study; in fact, it enables to increase the reliability of case study research. After having identified the companies including their contact persons [1] to be visited, a data collection plan was developed; that is, it was decided upon the time interval for the visits and the amount of time to be devoted for each visit and then made preliminary preparations such as review of websites of both supplier and buyer companies (Yin, 2002: 64-77). In accordance with the aforementioned data collection procedure, a pre-interview was held on the telephone with a contact person in each company. Information about the purpose and content of the interview was given and the questions were shared in advance. The companies in turn notified the interviewer about the time schedule for the interview. Each interview lasted an average of two-hours with the participation of at least two interviewees in the same company. Prior to the interviews, the participants made a brief presentation about their companies. Confidentiality was guaranteed for both parties (i.e., suppliers and their buyers). The interviews were recorded in case of permission; otherwise, notes were taken. Since an explorative research design was followed, some questions were spontaneously added based on the overall flow of conversations at the interviews. Normative questions about the research method and research model were asked as well at the end of the interview. While considering the shared documents (e.g., code of conduct, ethical principles, environmental policies and so on), the content of the interviews were transcribed. It is obvious that the well-planned case study protocol facilitated the interview process and thus obtaining fruitful results.

In order to establish the quality of research design; internal validity, construct validity, external validity, and reliability were ensured (Yin, 2002: 33-38).

Internal validity refers to the establishment of causal relationships between variables and results. Formulating a clear research framework derived from the

[1] "Within each candidate organization, senior level professionals were identified as prospective respondents in order to maximize the likelihood of securing at least one response from each organization. These professionals are considered to have sufficient knowledge and or experience in the activities encompassing operations and supply chain, sustainability, and code of conduct" (Das, 2017: 20).

literature, pattern matching by comparing empirically observed patterns with either predicted ones or patterns established in previous studies and theory triangulation from multiple theoretical lenses are three measures, which are suggested to strengthen internal validity (Gibbert et al., 2008).

Construct validity indicates the quality of the conceptualization or operationalization of the relevant concept. Gibbert et al. (2008) pointed out that construct validity is required to be taken in consideration during the data collection process. In order to increase the construct validity, data triangulation was applied. At the outset, secondary data was collected from both supplier firm and its buyer firm in order to obtain initial insights. Then, semi-structured interviews with key personnel on sustainability were conducted to obtain primary data, which ensured to comprehend the perspectives of senior managements and their businesses. The interviewees who work as the responsible person[2] for carrying out compliance with corporate sustainability standards in the supply chain serve as a bridge as the main producer between the buyer firms and their sub-suppliers. In this regard, mutual interaction between the interviewees and the interviewer facilitated to clarify the underlying concepts such as sustainability, sub-supplier, and so on. More objective secondary data including annual reports and sustainability reports were also consulted in situations where bias might arise. In the current study, the study model, which integrates the premises of institutional logics perspective, provides a coherent approach to develop interview questions. The interview questions were developed in accordance with the relevant literature and sent to ten industry experts working as the suppliers of some global companies. Six of them gave prompt feedback and some questions were revised and a few questions were added in line with their feedbacks.

External validity refers to generalizability, that is, whether a study‟s findings are applicable beyond the immediate study (Yin, 2009). In the current study, cross case analysis through multiple case studies in different organizations has been used (Gibbert et al., 2008), namely, nine different companies which supply products to nine noteworthy multinational retailing companies were selected. The underlying reason behind the case selection is that these supplier companies, which are located

[2] "The managers involved in implementing SSCM practices and evaluating the performance of a firm on SSCM dimensions would be in a position to keep track of the status of SSCM implementation practices and would also be able to assess the performance of the firm on different aspects of SSCM with the help of this validated instrument" (Das, 2017: 31-32).

in four different industry zones in Turkey, carry out their activities in vital industries of Turkey: textile, furniture and automotive. Although the companies operate in different industries, they are still comparable with regards to corporate sustainability approaches along their supply chains (Neutzling et al., 2018). *Reliability* signifies the absence of error and biases in the study. This enables subsequent studies to reach the same findings and conclusions if they follow the same procedure (Yin, 2009).

Upon an examination of textile companies operating in the Izmir Atatürk Organized Industrial Zone (IAOIZ) through the web site, the companies that are likely to be interviewed were identified first and then contacted with the personal networks in the related companies.

4.3.3. Findings

The findings are organized in line with the interview questions, which involve the sections of company profile, supply chain structure, sustainability issues, sustainability requirements, and supplier management approaches.

4.3.3.1. Demographic Profile

4.3.3.1.1. Company Overview

In order to understand demographic structure of supplier companies, questions on company profile and supply chain structure were addressed to the interviewees. Concerning company profile; founding year, number of employees, total sales revenue from domestic and foreign markets, number of buyer companies to supplied product in total, number of countries and continents in which buyer companies operate their activities, the duration worked as a supplier, intensity of production supplied to buyer, and growth rate in terms of turnover and quantitative in the last 1, 3 and 5 years. Appendix D illustrates the profiles of companies. The profile of each company is presented in the following:

Textile 1. Starting with a large textile company which operates as a supplier of a MNC in the IAOIZ, although a three-hours interview was conducted with the department manager of the relevant brand, fruitful results could not be obtained and thus it was decided not to be included this interview in the analysis.

Textile 2. After being failed in the first interview attempt, the supplier list of a globally well-known MNC (same as the previous one) whose names are disclosed as part of its transparency policy was searched. One golden supplier, which is located in the Denizli Organized Industrial Zone (DOIZ) and has a sustainability department, was contacted by telephone at first and then interview schedule was set. In order to facilitate the process, the interview with 28 years-old woman who has been working for three years as the sustainability manager, lasted more than two hours in its another factory in Izmir. Furthermore, the second interview with 30 years-old man who has been working for less than one year as the sustainability specialist was conducted by email on the specific questions. The textile company with its three plants supplies products to the Swedish multinational retail-clothing company. One of the major goals of the company focuses on the transparency of its supply chain; and therefore, the sustainability department introduced its code of conduct and sustainability report on its own initiative that would be accessible through its website in a short time. As the gold supplier of the Swedish brand, it has been distinguished „sustainability role model" in 2017. The company with its sub-suppliers (called supplier units) take part in the Higg Index that was developed by the Sustainable Apparel Coalition (SAC) includes a set of standardized supply chain measurement tools for social and environmental conformity of all industry participants. Highlighting its prominent efforts for sustainable supply chain, the company has signed the „empowerwomen" initiative, which is dedicated to empowering women to achieve their full economic potential.

Textile 3. The textile company which is located in the IAOIZ, „manufactures to leading brands in the sector" (Textile 2, 2019). Thanks to one of the personal networks, a pre-interview was held on the telephone with a human resource and code of conduct manager of the company. At first, information was given about the content of the interview and the questions were shared in advance. The interview, which took place on the scheduled day and time, lasted 2 hours with the participation of 64 years-old company owner (man) and human resource/code of conduct manager who has been working for 5 years (35 years-old woman). The second interview that was held outside the company was conducted with a social compliance specialist. The person who has been working for 1 year (32 years-old woman), manages the

sustainability practices in communication with the head office of the buyer. In line with the interviews, the company has three sub-suppliers in Turkey and one factory located in Europe. Independent from the buyer, the company has developed its sustainability policies and balanced scorecard for each sub-supplier. The supplier takes the lead in the development of innovative approaches, ideas and products in order to integrate sustainable strategies along the supply chain, for example, the research and development (R&D) department of the company developed a washing machine, which consumes less water. Therefore, the company is able to reduce both its cost and environmental damage.

Textile 4. The textile company, one of the biggest ten apparel company in Turkey, „operates as a supplier of the world's leading brands in the IAOIZ" (Textile 4, 2019). Owing to the guidance of the previous textile company's social compliance specialist, an interview was organized with 30 years-old man whom has been working as human resources manager for 6 years and sustainability manager for 1 year in the company. The interview lasted 1.5 hours, but certain questions were not answered due to confidentiality. The second part of the interview was held by a newly hired sustainability manager (32 years-old woman) via email on certain questions. For three years, the company has been manufacturing goods to the relevant brand without sub-suppliers. The buyer company which makes the provisions in the code of conduct obligatory, principally insists on the achievement of four minimum requirements (4MR) in particular legal building permit, fire license, legal work permit and single-tenant building. Nevertheless, the supplier has developed its own code of conduct under the title of „social compliance policies" prior to the request of the buyer. The company, regardless of the sustainability manager on-duty at that time or the buyer with which works, describes its social and environmental awareness quite high thanks to the stance of company owner since s/he pays the utmost attention to the employee satisfaction and environmental issues.

Furniture 1. The wood and veneer company is a key supplier of the Swedish multinational furniture retailer in Turkey; in fact, the company, which operates in the natural wood veneer industry, is the preeminent supplier to the buyer. The interview process was conducted in two-stage with the participation of the company partners

who are a 40 years-old woman and a 45 years-old man and the export manager who has been working for sixteen years (40 years-old woman). Depending on the interview which lasted three hours in total, the supplier developed its code of conduct at the request of the buyer company and incorporated it into its discipline regulations. However, the supplier company has sought proactive sustainability initiatives on healthy working conditions, job security, environment requirements and beyond for its supply chain.

Furniture 2. „As the largest solid wood furniture manufacturer in Turkey, the company supplies its high quality products to the well-known brands in the UK, in particular the one which is a leading retailer in food, clothing and homeware" (Furniture 2, 2019). Following the previous interview, with the aim of supporting the study, company partner requested from the purchasing director assigned to its company to share the supplier list, but it was stated that the buyer could not share any information including supplier names in line with the confidentiality principle. Later, the companies operating in the sectors including furniture and wood/wood products were examined through the websites of the IAOIZ (6 company) and the Balıkesir Organized Industrial Zone (BOIZ) (14 company); however, an appropriate company could not be found to interview that meets the requirements such as manufacturing products for a foreign buyer company. Upon this, one of personal networks, serving as the chief in the forestry and wooden products sector under the Aegean Exporters' Association, shared contact information of a company owner who manufactures chairs in the IAOIZ. S/he expressed that although its company supplied products for a short time to the same Swedish multinational furniture retailer, they terminated the contract due to the disagreement on the corporate sustainability standards/conditions. For the guidance, s/he referred to a wood products industrial engineer who provides consultancy service to the exclusive brands in the forest products industry. Thanks to her/his wide communication network, s/he shared the contact details of a person who is responsible for research and development activities of a large company operating in Çanakkale. Since her/his company does not satisfy the necessary conditions to be interviewed, s/he recommended another company that is located in Denizli. Based on a snowball effect, in line with a pre-interview with the business development and marketing manager on the phone, the interview details regarding timing and

participators were determined and the questions were submitted. On the designated date, a 2-hour interview was conducted with the participation of the business development and marketing manager (40 years-old woman) and the purchasing and import manager (40 years-old woman), whom both have been working for 15 years in the company. Despite any document belonging to the supplier or buyer was not shared, satisfactory responses were obtained in the interview. The signed contract between the supplier company and its buyer contains the terms and conditions in terms of the commercial expectations. The supplier does not have a code of conduct; however, instead of a code of conduct, the buyer requested the company to acquire certifications including Supplier Ethical Data Exchange (SEDEX), Furniture Industry Sustainability Programme (FISP), and European Union Timber Regulation (EUTR). By the way, the supplier was acknowledged as the first FISP member in which operates in a non-European Union country. The certifications in which the supplier has obtained on its own initiative are the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management, and Forest Stewardship Council (FSC). They are aware that the buyer has pushed them in the right direction and they have therefore become the sole company that can use the FSC in forest products in producing furniture.

Furniture 3. The company that describes itself as „the Europe's largest manufacturer of Audiovisual Furniture" operates in the Akhisar Organized Industrial Zone (AOIZ) (Furniture 3, 2019). As the second snowball effect, the difficulties encountered in finding companies operating as a supplier of foreign buyers in the furniture industry were mentioned at the end of the previous interview and therefore they proposed a company which manufactures audiovisual furniture in the AOIZ. Following the pre-interview on the phone, the interview lasted in 2 hours with the participation of the factory manager (man) and the planning manager (woman) who have been working for 9 and 4 years, respectively. Regarding the details of the interview, while 90 % of the products are manufactured under its own brand, the remaining is supplied to the multinational furniture retailers in Brazil, Sweden and Denmark. The company has developed its code of business conduct independently from all buyer companies and entitled as the „ethical code of conduct and codes of practice". Their primary motivation to implement them is based on the business culture of the company

partners who had worked in international companies before the company was founded.

Automotive 1. The agricultural and construction equipment company supplies various kind of cabins to the world‟s leading company which carries out its activities in the capital goods sector through its well-known 12 brands. In the BOIZ, eleven companies which operate in the road vehicles manufacturing industry and agricultural machinery/equipment manufacturing industry were scrutinized carefully and contacted with the personal networks in order to arrange an interview. Then, in accordance with a pre-interview with the vice president of the executive board /vice general manager of production department (40 years-old man) whose company produces cabins in the agricultural machinery/equipment manufacturing industry, an interview was organized. A one and half hour interview was conducted on the scheduled time with the inclusion of the vice president of the executive board and the production manager (35 years-old man) who has been working for 10 years. The company is subject to the supplier code of conduct which is composed of conduct and conflict materials respectively indicating the social and environmental sustainability standards. The company that is among the selective suppliers of the buyer company maintains the relations with its sub-suppliers through a platform on supplier relationship management. Considering the importance of innovative processes in order to integrate sustainable strategies along their supply chain, the company has applied world class manufacturing method with the aim of reducing inefficiency throughout its plant.

Automotive 2. The wheel manufacturer company located in the Izmir Atatürk Organized Industrial Zone is „one of the leading wheel manufacturers of the world in the sector of light metal alloy wheel‟ (Automotive 2, 2019). However, the companies which are located in the Izmir Atatürk Organized Industrial Zone under „manufacture of motor vehicles/trailers/semi-trailers, fabricated metal products (except machinery and equipment), and other transport equipment sectors‟, were examined in detail through their websites. By taking into consideration issues such as meeting the requirements to be interviewed and availability of personal contacts that would facilitate the interview process, 3 out of the 56 companies were identified. Despite all

efforts to reach the company which manufactures steering boxes for original equipment manufacturer (OEM) customers, it did not accept the request for an interview. Then, on the one hand, an e-mail was sent to the second company which supplies wheels for automobile manufacturers and on the other hand the R&D engineer and R&D manager of the company were contacted. After all these failed attempts, it was contacted with the foreign trade and customs manager of the company. Based on the pre-interview on the phone, the questions were shared with the aim of determining the departments which would participate in the interview. After a brief presentation of the company, the interview lasted in two hours with the inclusion of three different department managers: the foreign trade and customs (36 years-old man), the production planning (43 years-old man) and the customer relations for the relevant buyer (33 years-old woman). They have been working in the company for less than 1 year, 4 years and 5 years, respectively. The supplier which developed its code of conduct and sustainability report on its own initiative, views those corporate sustainability standards as *sine qua non* for such a giant company in 2017. As an environmental-friendly company, it endeavors to save energy and reduce carbon footprint, for example, the project developed on the recycling of rainwater was granted an award by the Aegean Region Chamber of Industry (EBSO) in 2013.

Automotive 3. The company that operates both in the IAOIZ and Mexico „manufactures various machined metal products as a global supplier of original equipment manufacturers in the transportation and industrial sectors" (Automotive 3, 2019). To arrange an interview with the company, an e-mail was sent to the quality manager. The questions were requested in advance while the interview date was informed. The interview, with the participation of the quality manager (man/mechanical engineer) for 7 years and the quality engineer (man/mechanical engineer) for 2 years, lasted in a one and half hour. In line with the request of the buyer, the company developed its own ethical policies/principles and environmental policies on the basis of the IATF 16949 Automotive Quality Management System. Pertaining to the main logic of doing business in the international markets, the company prioritizes corporate sustainability standards which enable buyers to manage their suppliers. In doing so, in addition to the environmental projects

developed, the company created working teams in its organizational structure as an organizational innovation.

4.3.3.1.2. Supply Chain Structure

In an attempt to embody supply chain structure, questions about buyer companies were asked to the supplier companies. For Textile 1, the Swedish multinational retail-clothing company which operates in 39 countries in the world discloses its supplier factory list. By classifying its factories as as manufacturing, processing and Tier-2, the buyer has 66 manufacturing factories, 45 processing factories and 51 Tier 2 Factories (fabric and yarn) in Turkey. In addition to Textile 1, there are also other suppliers of the buyer in the Denizli Organized Industrial Zone (Website of Buyer Company, 2019). Unlike other companies, the buyer of Textile 2 asks for shorter deadlines and therefore prefers to intensively produce in Portugal. Bangladesh and Portugal are among the top production hubs in the world. In addition to Textile 2, there are other companies in the Izmir Atatürk Organized Industrial Zone, which supply products to the buyer. However, Textile 3 is the only supplier located in the IAOIZ that manufactures products for the buyer. As far as they know, Furniture 1 is sole supplier of the buyer in the manufacture of natural wooden veneers in Turkey. Therefore, there are no other companies operating in this sector in Balıkesir Organized Industrial Zone. Furniture 2 takes its place among the largest suppliers of the buyer company which has only three suppliers across the world including Brazil, Turkey and Vietnam for furniture industry. In this regard, there is no other supplier of the buyer in the furniture sector in Turkey. Furniture 3 stated that the buyer does not share the information on supply chain. The buyer of Automotive 1 has eight suppliers worldwide and the company which produces security cabins to the buyer is sole in BOIZ and Turkey. Due to high number of components in a car, there are many suppliers in the automotive industry. For this reason, Automotive 2 does not have the information on the number of suppliers operating in the world. All wheel suppliers in Turkey are located in Izmir and Manisa. There are other companies located in the IAOIZ and the Aegean Free Zone, which supply either wheels or other components to the buyer company. Automotive 3 is the only company which manufactures compressor components to the buyer in Turkey and there are also other suppliers supplying different components in Istanbul.

As to sub-suppliers of the buyer companies (Tier 2); the buyer company of Textile 1 defines its suppliers as „supplier unit" and sub-suppliers as „production unit". Therefore, Textile 1 has seven production units in this regard. Textile 2 has three sub-suppliers in Turkey and one factory located in Europe. The buyer company of Textile 3 classifies the producers as the first tier (cutting, sewing, packaging) and the second tier (printing, embroidery, washing, dyeing); whereas Textile 3 does not have any sub-suppliers for this buyer and produces in-house. Independent from the buyer company, Furniture 1 has its own suppliers from which they buy raw materials. However, the subcontracted catering company in the supplier is subject to the must requirements of the buyer. Furniture 2 has one supplier which produces semi-finished products. The company can select its own suppliers since the buyer has no obligation to it in that sense. Furniture 3 does not have a supplier in the position of sub-supplier of the buyer. Automotive 1 works with almost 400 suppliers; 250 of them are determined by the supplier and 150 of them by the buyer. Automotive 2 can choose its supplier as long as sub-suppliers meet the criteria (e.g. dye specification). Furthermore, the sub-supplier is needed to take place in the approved list of the buyer. The supplier which supplies casting as raw material to Automotive 3 is the sub-supplier of the buyer. Automotive 3 has a supplier portal in order to manage all sub-suppliers.

Supplier company might directly contact with other suppliers of buyer company and in turn follows their best-practices. Furthermore, it might follow the sustainability practices of companies operating as a supplier of another buyer firm in the same sector as well. For example, interviewee of Textile 1 said "Yes, we know about their each step and follow their best-practices. We further requested from the buyer company to disclose what other suppliers are doing. The buyer initially thought that this situation could be perceived as competing us. They then identified a topic on illegal factories, which means manufacturing in an unapproved sub-supplier by the buyer. Three best-practicing companies including the interviewed supplier were determined. With the participation of all suppliers and employees of the buyer, each supplier presented its sustainability practices on the related topic. Otherwise, we get in touch with each other in a way to learn about our best practices. For example, a sock manufacturing company to the buyer has recently reached us to obtain information on our workplace dialogue project, which is about democratically

elected a worker representative in a factory". Unlike the previous buyer company, the buyer of Textile 1 does not try to bring its suppliers together. The owner of the supplier company stated that they assist other suppliers of the buyer; but if there is a situation in their favor – which will affect their success – they do not share it for confidentiality. However, they warn them in case of any danger. Furthermore, human resource and code of conduct manager of the company said "We follow customer practices rather than the best-practices of the suppliers. For example, the buyer tells us to apply a project which is also conducted in Bangladesh." In a similar vein, the interviewee of Textile 3 told that "Yes, we follow others because we are colleagues. Although it is not our customer right now, we continue to apply its strict policies in the fire safety. Furniture 1, on the other hand, does not directly contact with the other suppliers of the buyer company, but it contacted with a supplier of the buyer in order to get information on the child labor procedure in the process of applying standards. Since Furniture 2 directly works with headquarter in the UK, Istanbul office mentions about the best-practices of other suppliers when it sometimes visits the company for trainings. Furniture supplier in Brazil also visited the company. Although they sometimes look at the websites of others companies operating in the same sector, in general companies that follow their good practices contact with them. For example, a team from a well-known Turkish brand in the furniture sector came to visit the supplier to get information about FSC. Furniture 3 stated that they follow general tendencies and design trends within the scope of fairs. Interviewee of Automotive 1 said that they know other suppliers of the buyer in person. The supplier visited their factories and had training on manufacturing technology. They also came to visit the supplier. However, the supplier thinks that it is difficult to follow the sustainability practices of companies operating as suppliers of another buyer in the same sector due to confidentiality. While Automotive 2 does not directly contact with the other suppliers of the buyer company, suppliers only support each other in sharing raw materials at congestion. Automotive 3 does not contact with other suppliers of the buyer company and not follow their best-practices; whereas its customer might request it to apply a project which is carried out in another company meanwhile. Thanks to its customers, they can follow-up to the sustainability practices of the companies that operate as suppliers of another buyer company in the same sector.

In order to manage their supply chains, buyer companies can create a system in which suppliers are classified. For example, based on several criteria, the buyer company classifies its suppliers as golden, silver, and others and Textile 1 is the best one by holding a golden status. According to the interviewee, this classification is beneficial since it enables them goal setting in business and have order priority by benefiting from long-term relationship. On the other hand, the buyer of Textile 2 does not have a classification system and evaluates its suppliers in accordance with their design team, production capacity and on-time delivery. Similar to the buyer of Textile 1; the buyer of Textile 3 classifies its suppliers as A, B, C, D, and E (rating 0) and then prepares a scorecard for each supplier on the basis of several criteria including sustainability, pricing, on-time delivery, loading, and performance. In his/her personal opinion, "s/he does not think that the classification is useful because it is not appropriate to evaluate the company only with the scorecard application that does not take the length of the relationship with the supplier into account." Moreover, the buyer of Furniture 1 assigns a rating to its suppliers as A, B, and C. Currently the supplier is graded as A – which is the golden level referring to the preferred supplier status. For Furniture 2, the buyer does not have a classification among its suppliers in general. Considering its on-time delivery (99.9%), the supplier is classified in golden status. It is one of the suppliers of the buyer with the least quality problems, i.e. the highest quality ratio. Similar to previous cases, there is a supplier classification system as good, moderate, and bad. Currently Automotive 1 is graded as good with its good performance. Being a good supplier gives them a relative freedom on selecting the most of their sub-suppliers – other categories cannot do this before asking buyer. Interviewee finds this classification useful and functional. Buyer company assigns a rating to its suppliers as A, B, and C. Automotive 2 is graded as B-rating supplier. The rationale behind the rating is that there are four main departments where each customer in OEMs has contact with the supplier: logistics, order management, sales-projects and quality. In doing so, they grade suppliers in accordance with their product development skills, on-time delivery performance or logistics auditing. There is a transition among the ratings. If the supplier is graded as C, the buyer expects it to fulfill certain actions until it increases its performance and becomes B again. Although there are certain advantages of transition from B to A, grading as A or B-level supplier means that the company can

provide mass production. However, the rating system does not have an effect on the supply volume. For Automotive 3, there is neither classification nor scorecards among the suppliers of the buyer company which only takes parts per million and on-time delivery performance into consideration.

Concerning the evaluation of trust and power relationships with buyer companies, interviewee of Textile 1 stated that they trust the buyer since "they do not take us to a wrong place. We feel much stronger with them. We have never let each other down". On the contrary, company owner of Textile 2 complained about the attitude of the buyer company. - "The relationship between us is based on interest. When we are successful, they do not appreciate us, whereas they immediately punish us once we fail". Textile 3 evaluates trust and power relationships with its buyer as very strong and they think that the buyer will not let them down. For interviewee of Furniture 1, working with such a reputable company is an honor; it brings a high-quality producer image as well as new customers. Although they think that this is not the only option and they can find other customers too, interviewee thinks that if buyers stop business with them, not only their company, but also some of their customers might be affected by this decision. Since those customers are also working with buyer, such a decision can be a great loss for them. Interviewee of Furniture 2 briefly summarized the relationship with the buyer: "Our relationship is really based on mutual trust since we have been working together for many years. We therefore know each other well and are aware of our red lines. If there is a situation which will affect sales or decision, they provide information in advance and a meeting is held. They are comfortable and reliable for us because they are clear and transparent about the payment schedule. We consider ourselves lucky, and they express themselves feeling lucky as well." According to interviewee of Furniture 3, their mutual relationship is based on money. Similar to the Swedish multinational furniture retailer model; while the supplier encounters with low risk due to small share in its production volume, the buyer also has low risk since the share of the products in its stores the supplier produce is less. „As one of the world‟s leading automobile manufacturers and the largest carmaker in Europe‟ (Buyer Company, 2019), the buyer is a giant and Automotive 2 accounts for between 7 and 10 % of its wheel suppliers. So there are actually more opportunities at the buyer since there are room to grow. Interviewee of Automotive 3 underlined that "Beyond supplier and buyer

relation, we have partnership relations; therefore, the mutual trust between parties are at the utmost level. We approach both customers and suppliers as our partners thanks to the vision of our management".

4.3.3.2. General Strategies

In order to figure out the general strategies applied by buyer companies, the certain questions addressed under the parts of sustainability issues, sustainability requirements and supplier management approaches are analyzed thoroughly and described below.

Buyer companies apply various supplier selection criteria and they might further request specific criteria for sustainability and social responsibility. For Textile 1, the buyer has some minimum criteria, including 30 items, and makes them compulsory to initiate business with a supplier. However, according to the interviewee, "meeting them in the first audit is the first step, ensuring the same standards in the subsequent steps is another task". The supplier makes periodic examinations whether social and environmental criteria are met or not in the production unites. "There were some uninsured workers three years ago; but right now, there are no such workers… buyer has no tolerance for such misconducts". In case of a contract breach on these minimum requirements, buyer directly stops business with suppliers without providing extra time for remedy. Buyer also demands verifications and documentations by experts (e.g. building safety, emergency plans for fire, earthquake etc.). These same standards are requested from sub-suppliers too, which accounts for 1000-1200 people in total. After meeting minimum requirements, suppliers must fill a questionnaire with 350 questions about their social and environmental performance, which will assign them an annual score. Buyer visits the factories for audit and verification for supplier performance. "If you declare an activity that is absent during the visits, it turns into a loss of image in the eyes of buyer". Although Textile 1 adopts the buyer"s standards easily, it becomes somewhat difficult for their sub-suppliers that are not get used to such a system and focus only on reducing their costs through employing migrants, uninsured workers, child labor etc. "It is our responsibility to inspire them to do right things". Therefore, Textile 1 becomes a role model for sub-suppliers. Textile 1 prefers working with sub-suppliers that meet the requirement and it becomes an incentive to them.

However, sustainability conditions in other companies in Turkey are awful; s/he thinks “we are just like Alice in Wonderland when I visit other textile firms in Turkey.” For Textile 2, supplier selection criteria of the buyer company are two-folds: social compliance requirements and transparency. The buyer wants its supplier to fulfill its social compliance requirements (as minimum requirements) and be particularly transparent; otherwise, it does not maintain business relations. In comparison with the previous supplier‟s buyer company, this buyer is more focused on social dimension in supplier selection. The human resource and code of conduct manager thinks “there is nothing compelling about the supplier selection criteria; on the contrary, they enables us to institutionalize”. Social compliance specialist who agrees with her/his co-worker and states that “The issue is not whether the situation is compelling or not, because we were already in it. If we grade compatibility as „1‟ and incompatibility „0‟, we are ranked as 0.9 since we are running an existing system. However, together with our sub-suppliers, we encounter difficulties with each new amendment in line with the buyer‟s expectations”. The company owner, on the other hand, complained about the costs in complying with those criteria. The buyer perpetually audits both its suppliers and sub-suppliers in order to be ascertained that they conform to the relevant criteria. Concerning the supplier selection criteria of the buyer of Textile 3, the company principally insists on the achievement of four minimum requirements (4MR) in particular legal building permit, fire license, legal work permit and single-tenant building. The buyer has a specific criterion on the shared buildings, that is, it does not accept that two companies operating in different sectors share the same building. Since the supplier which is located in 100.000 m^2 area operates as a single company, compliance with these criteria is not compelling in this regard. In addition to 4MR, there are approximately 60 items related to the auditing process. Among these items, there are 8 basic items where the rating is directly 0 (E) in case of any violation: (1) transparency, (2) child labor, (3) foreign workers without work permits, (4) inaccurate time and payment records, (5) locked fire escape, (6) working 30 days in a row / nonvoluntary overtime working, (7) preventing freedom of association, (8) harassment or abuse of worker. Each item is evaluated separately. For example, if a supplier is rated in E, it depends on the case whether the buyer cancels its manufacturing code or allows time to solve the issue. Starting with Furniture 1, buyer

has a specific guideline, which is applied to whole suppliers and sub-suppliers. There are two types of criteria as must requirements and other requirements (e.g. business ethics, environment, chemicals, and etc.). The lack of compliance with the former group is a reason to stop business with supplier that has never faced with such a problem. In case of non-compliance for the latter, the buyer can give 90 days for increasing their performance. Excluding the regulations on working hours and overtime working hours, the supplier did not encounter difficulties in complying with the criteria since it generally applied all the criteria. For instance, since its environmental goals were not written down, they had to be transcribe and thus carrying out the procedure. The buyer company of Furniture 2 has specific criteria for sustainability and social responsibility; in fact, the buyer requested the company to acquire certifications including Supplier Ethical Data Exchange (SEDEX), Furniture Industry Sustainability Programme (FISP), and European Union Timber Regulation (EUTR). In line with the Sedex certification, the buyer can control whether health working conditions are provided, workers are get paid, workers are subject to mobbing, mental and physical needs of workers are met. Following an announced and an unannounced audit conducted by the accredited institutions, a report is prepared which can easily be accessed by all buyer companies. In addition to social dimension of sustainability, the supplier has to prove its commitment to the environment. Therefore, the supplier succeeded to obtain the FISP certification and became as the first FISP member in which operates in a non-European Union country. Due to being an EU member country, the buyer made the EUTR certification compulsory for its supplier. The purpose of the certification is auditing all suppliers in the chain which export to EU member countries. Apart from these certifications, on its own initiative, the supplier obtained the Forest Stewardship Council (FSC), the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management so that it can conduct its internal audit itself. The interviewee thinks “The buyer led us in the right direction and lighted our way for the sustainability process” and s/he continued...“Of course it wasn't easy, but it wasn't too compelling for us to comply with these criteria because we didn't resist and believed that those certifications were necessary thanks to the support of our management”. While the buyer conducts its own audits on the quality of products, third party-auditors are

assigned in order to ascertain that the supplier conforms to the criteria. Different from the previous ones, the supplier selection criteria of the buyer company in general are quality and standard; namely, the buyer expects Furniture 3 to ensure continuity among the parties produced and make the quality of products sustainable. As specific criteria for sustainability, the buyer primarily demands ISO 9001 Quality Management System certification and documents of all materials the supplier uses and then follows them. In doing so, the supplier presents the documents of raw materials - such as chipboard, glass, hardware - received from its sub-suppliers. Compared with textile and furniture industry, automotive industry which supplies products for OEM customers makes the certification compulsory, notably IATF 16949 Automotive Quality Management System. For Automotive 1, the system is mostly based on the supplier‟s declaration and documentation. Buyer has its own supplier compliance code, quality standards and supplier must confirm all these criteria by a digital signature. “They did not control our operations, but they want our confirmation about all these sustainability criteria such as child labor, human rights etc. They visit our factory monthly for audits, if we insist on same mistake, they did not leave until we correct it or they involve a third-party auditor into the process”. In a similar vein, Automotive 2 which supplies wheels for automobile manufacturers is required to have IATF 16949, ISO 27001 and VDA 6.3 certifications at first. As aforementioned, these supplier selection criteria are not the buyer-specific and they are the general standards supported by the all OEMs. The customer relations manager of the supplier said “I have not come across a specific criterion about sustainability as a prerequisite due to the position of our company” and s/he continued on “I am sure that it was compelling to comply with the criteria when the company was newly-established. Considering its current situation in the industry, the company maintains its position by constantly adding on…” The buyer audits its supplier to ascertain that it complies with the criteria. For instance, the buyer conducts its own audits on logistics, quality and product controls, while third-party auditors are assigned to control issues such as information security standards. Lastly, competitive pricing policies, continuous improvement approach, satisfying quality and technical expectations, fulfilling environmental and occupational health and safety (OHS) expectations and regulations are the general supplier selection criteria for Automotive 3. As to the specific criteria in the relevant industry, the supplier

obtained IATF 16949. The buyer doubtlessly wants its supplier not to employ child labor, discriminate among employees on language, religion and race; however, its environmental expectations outweigh in comparison with the social sustainability. The buyer finds out through its own audits that the supplier complies with the criteria.

During the interview process, a question was addressed to the interviewees on environmental and social requirements (corporate sustainability standards) of their buyer companies. Sustainability manager of Textile 1 stated that its buyer company has minimum requirements including 30 items on company profile, working hours and payments, policies and procedures, fire, chemical management and environment, and makes them compulsory to initiate business with a supplier. After fulfilling the minimum requirements, the supplier is subjected to a code of conduct. The code of conduct which is applicable to all suppliers describes the requirements on "legal issues, child labor, health and safety, workers‟ rights, housing conditions, environment, systems approach, and monitoring and enforcements" (Code of Conduct of Buyer Company, 2010). While the supplier shared the document on the minimum requirements, other documents such as code of conduct, code of ethics for business partners, sustainability reports are easily accessible on the website of the buyer company. In line with environmental and social requirements, Textile 2 is subjected to the "Code of Conduct for Manufacturers and Suppliers" of the buyer company (Code of Conduct of Buyer Company). The interviewee informed that there is also a checklist applied by the third parties during the auditing process. Although any document was not shared during the interview, the code of conduct is accessible on the website of the buyer. In addition to a signed contract between Textile 3 and its buyer company, the supplier has to fulfill the social and environmental requirements which are written on the "Code of Conduct for the Supply of Merchandise". The code of conduct specifies the expectations of the buyer from suppliers regarding legal compliance, labor practices, environmental performance, and anticorruption (Code of Conduct of Buyer Company, 2015). Due to the confidentiality, the interviewee did not share the relevant code of conduct, but it is possible to obtain it on the website of the buyer. In a similar fashion, Furniture 1 has to act in accordance with the buyer‟s standards which are entitled as "Minimum Requirements for Environment and Social & Working Conditions when Purchasing Products,

Materials and Services". After the interview, company manager shared those standards on email. The booklet on terms and conditions between Furniture 2 and its buyer principally focuses on commercial expectations while dealing with social and environmental issues. Furthermore, the buyer wanted its supplier to obtain the certifications including SEDEX, FISP, and EUTR. Neither document was shared during the interview. Considering the social and environmental requirements for the automotive industry, the buyer companies generally requested the certifications such as ISO 9001, ISO 14001 and ISO 16949. Besides, each buyer company has a code of conduct entitled as „Supplier Code of Conduct", „Code of Conduct" (2017), and „Our Code of Conduct" (2017) respectively for Automotive 1, 2 and 3. All code of conducts is accessible on the websites of the buyers.

In line with the aforementioned social and environmental requirements, the buyer companies communicate with their suppliers; in fact, there might be updates and changes on these requirements and thus informing about them. The communication between Textile 1 and its buyer conducts through a sustainability developer who is assigned to the supplier. The sustainability developer organizes trainings on the amendments of minimum requirements. The interviewee exemplified that "instead of informing via email, all sustainability managers were invited to the Istanbul office in order to inform about the amendments on water consumption and then training was provided". In line with the demand of its buyer, Textile 2 employs a social compliance specialist who is in direct contact with the buyer's head office in Istanbul. The social compliance specialist therefore informs the supplier about the updates and changes about the requirements. The specialist complained about the frequent updates and stated that "due to its frequency, we encounter difficulties in each updates and changes. For instance, until recently, the control on insurance and tax liability has not compelling. With the tightening of controls on sub-suppliers, production units can be cancelled when they are subject to the CAPs because of its negative effect on sustainability. Compared to the previous buyer company, our buyer is so Spanish which expects immediate implementation. On the other hand, the previous one draws all sustainability managers together, informs and then trains. But, our buyer is also changing and in fact it needs to change". The sustainability manager of Textile 3 is the person who communicates with the buyer company. The buyer regularly organizes trainings, sends information slides, and conducts online open

sessions. When the sustainability manager attends trainings on behalf of the company, s/he transfers them to the related departments. There are no frequent updates and changes. There is a strong communication between the buyer and Furniture 1; supplier communication portal involves all companies working with this buyer in the world and the buyer assigns a purchasing manager to each supplier according to the sector in which it operates. Whenever a problem occurs, the supplier directly contacts with the purchasing manager who has the responsibility to notify the supplier of any updates even though there are no frequent updates. In case of a major update, Furniture 2 is contacted by e-mail or via the Istanbul office. Trainings on earthquake, fire, hygiene, occupational health and safety are also organized through the Istanbul office. The interviewee stated that "For example, an email is sent to us about the changes on the sales and online entries and we go to the Istanbul office, but these are not frequent, every 2 or 3 years". In comparison with the previous supplier, there is a weak communication between Furniture 3 and its buyer and they are in contact with only in two phases: decision making and purchasing. When a prototype is developed and sent, they negotiate the price. After the purchasing process, the buyer does not come again in the absence of customer complaints. Therefore, it is obvious that there are not frequent updates and changes. Similarly, the communication between Automotive 1 and its buyer is rather weak – "we do not communicate them frequently, but they send us their publications and brochures and we can follow them by their web page. The buyer which has its own supplier portal shares all announcements there". In Automotive 2, customer relations department was established to coordinate four main departments (quality, project, sales and logistics) which are responsible for the up-to-dateness of its own specification. In this regard, the manager of customer relations departments acknowledged that it is their duty as a supplier to follow the changing specifications. When there is an update on the supplier portal, the contact person sends an info-briefing such as an auditing on information security. The buyer of Automotive 3 shares the „Supplier Manuel" each year. The requirements in the Manuel which are composed of technical aspects rather than environmental and social issues are not frequently changed or updated. Although it is possible to follow the updates through its supplier portal, the buyer usually sends an email to the quality department, customer relations representative or the related department on the subject.

All interviewees spoke with one voice on the methods used by the buyer companies in order to ensure whether social and environmental requirements are correctly interpreted, that is, auditing is the prevalent method used in order assist them. For example, the sustainability developer assigned to Textile 1 carries out announced and unannounced annual audits to control that these requirements are correctly interpreted. While the issues on payments of overtime working hours and insurance are not open-ended; forced labor or discrimination against the ethnicity (e.g. when an employer from Mardin only recruits people from Mardin) can be open to interpretation. In a similar vein, Textile 2 is subjected to announced and unannounced audits. In addition to its own audits, the buyer assigns third-party auditors. Thus, a report is prepared following the self-audited. The buyer conducts the auditing process itself for Textile 3. The buyer makes sure that these conditions are interpreted correctly by Furniture 1 with announced and unannounced audits performed biennially. In addition to audits, the buyer sends e-mail to request documents and also demands commitment. Thanks to audit mechanisms, the buyer can verify whether social and environmental requirements are correctly interpreted by Furniture 2. Following the audits, the buyer examines the results of reports, organizes meetings and visits the supplier. The buyer sometimes asks for updates on the reports and the latest version of ISO certificates. The buyer of Furniture 3 ensures that these conditions are correctly interpreted through audits during the initial and production phases. Auditing is the common method in the automotive industry as well. While the buyer carries out the auditing process itself for Automotive 3; Automotive 1 and 2 are audited by both their buyers and third-party auditors.

As a result, all supplier companies agreed that these requirements are measurable, verifiable and applicable. For example, sustainability manager of Textile 1 thinks that these issues these are not excessively open to interpretation; quality manager of Automotive 3 accepts that they are - to a large extent - measurable, verifiable and applicable, but its buyer does not verify.

It is possible to make such an inference based on the responses: buyer companies want a full compliance to their systems (100 %), otherwise they might stop business. For example, the buyer of Textile 1 expects a full compliance to its minimum requirements and in case of a contract breach on these minimum requirements, buyer directly stops business with suppliers without providing extra

time for remedy. The interviewees of Textile 2, Furniture 2 and Automotive 2 stated that buyer companies do not allow flexibility in complying with the corporate sustainability standards. For Textile 3, there are two types of criteria as minimum requirements and auditing items. While, the buyer expects a full compliance for the former group, the items in the latter group are evaluated case by case. Similarly, Furniture 1 has to fulfill two types of criteria including must requirements and other requirements. The lack of compliance with the first group is a reason to stop business with supplier that has never faced with such a problem. In case of non-compliance for the second group, the buyer can give 90 days for increasing their performance. On the other hand, the interviewee of Automotive 1 thinks "they have the right to dissolve, our sector is very difficult. It can be very harmful for our sales". Therefore, it can be concluded that some SSCM practices which are implemented by buyer companies including demands on certifications and documentation, monitoring through audits and on-site visits, controlling through communication can be classified within the risk avoidance-oriented strategy.

As mentioned briefly above, concerning the cost of non-compliance with these conditions, supplier companies are subject to a gradual system such as warning, decrease in order, or directly terminate relations. The buyer sends a „Letter of Concern" to Textile 1 in case of a non-compliance with these conditions. While the supplier unit is rated at 10 points and its production units are rated at 5 points. According to type of non-compliance, the buyer starts to reduce points, for example, the cost of employing an uninsured worker is minus 1 point for both the supplier and its sub-supplier. Since transparency is the major concern of the buyer, it reduces minus 2 points when there is a breach of it. All the other nonconformities are evaluated as 1 point. If the same problem occurs in the same supplier/sub-supplier for the second time, the buyer multiplies the non-conformity by 2; the buyer multiplies the non-conformity by 4 for the third time and finally dismisses the supplier from the system. It is obvious that the buyer applies a gradual system from warning with a letter to terminating relations; therefore, its strategy can be classified under the risk avoidance-oriented. For Textile 2, the cost of non-compliance varies from subject to subject and there are different procedures applied for child labor, minimum wage, broken needle procedure, and so forth. When the sub-supplier does not comply with a certain procedure, it is evaluated as subject to CAP. The buyer

which sends a report to it expects improvements on it. The sub-supplier can send the report back after the improvements; meanwhile, it continues to produce since there is no decrease in order. In fact, the buyer orders to the supplier, not the sub-suppliers. The buyer also sends an information email to the supplier about the current situation of the sub-supplier and asks what it is planning to do. The supplier in turn sends a report to the buyer. As another possibility, if the supplier has recently started to work with the relevant sub-supplier, it can prefer not to maintain its relations. The sub-supplier becomes blocked in case no supplier accepts to work with it. A good scenario is that when the buyer visits the sub-supplier after three months and notices that there are improvements, it tells the sub-supplier the blockade will be removed at the end of six months if it continues to improve. However, the bad scenario is about even getting worse in which the sub-supplier does not make any progress. As a result, the buyer terminates the relations with the sub-supplier at the end of six months. The buyer which applies a gradual system to eliminate non-compliance on legal requirements is inclined to follow a risk avoidance-oriented strategy. Furniture 1 has to fulfill two types of criteria including must requirements and other requirements. The lack of compliance with the first group is a reason to stop business with supplier that has never faced with such a problem. In case of non-compliance for the second group, the buyer can give 90 days for increasing their performance. Interviewee thinks that if buyers stop business with them, not only their company, but also some of their customers might be affected by this decision. The interviewee of Furniture 2 answered this question on behalf of the accredited institutions assigned by the buyer company to conduct audits. In the case of a major or minor non-compliance in the audit report, the accredited institution provides extra time for remedy (e.g. three months for SMETA). At the end of the given period of time, it makes an unannounced visit to ascertain whether shortcomings are completed and then publishes a report again. Both buyers in the furniture industry have a tendency to pursue a risk avoidance-oriented strategy. Differing than the previous cases, the factory manager of Furniture 3 states that “Although we have never encountered such a problem, they can stop doing business due to price and customer complaints. We therefore must deliver the products on time in line with distribution process to the stores. Furthermore, after the life cycle of product expires, the model needs to be renewed and there should be a new pricing at this stage. If we fail to agree on the

new pricing, the buyer can stop business. The buyer which has price and quality sensitive demands is prone to apply a performance-oriented strategy since its buyer intends to maintain its relationship with the supplier so long as this relationship is profitable for itself. The interviewee of Automotive 1 thinks that "they have the right to dissolve, our sector is very difficult" - it can be very harmful for our sales. "They provide us a report and want revisions of process in a given time period". Following the audit conducted by the third-parties, the current situation of Automotive 2 is described as compliance or non-compliance. In case of non-compliance, the buyer expects the supplier to complete these nonconformities within a certain period of time or gives conditional approval. Even worse - the buyer can forbid the data exchange for a given period due to full non-compliance situation. If this happens, the supplier has difficulty in having a new project and its current projects might be affected. Therefore, the supplier has to follow the guidelines given by the buyer and restore the trust of the buyer. If the buyer recognized that Automotive 3 does not comply with social and environmental conditions during the site-visits, the supplier is subject to a gradual system – a verbal warning is given. These are the signs of risk avoidance-oriented strategy.

Buyer companies impose sanctions on supplier companies if deviations from the corporate sustainability standards are detected. For example, a scorecard which is announced semi-annually and annually, explains what Textile 1 does throughout the year in terms of quality, term, price and sustainability. Therefore, „Letter of Concern" is the biggest sanction on them. If the supplier has a letter of concern, it cannot have the golden supplier status or its score in the Higg Index also affects its golden status. It can be stated that the golden status is awarded in line with performance assessment of the supplier which thus enables the establishment of long-term partnerships (Website of Buyer Company, 2019). Textile 2 stated that if a deviation is detected in a sub-supplier, the buyer systematically eliminates the sub-supplier and informs the supplier that it cannot work with it. For Textile 3, cancellation of manufacturing code and decrease in order are the sanctions imposed on the supplier if deviations from the corporate sustainability standards are detected. The interviewee thinks that these sanctions are deterrent. It is clear that all supplier companies in textile industry are subject to sanctions since their buyers follow a risk avoidance-oriented strategy. According to interviewees, when deviations from the corporate sustainability

standards are detected, the buyer of Furniture 1 cancels orders; the buyer of Furniture 2 allows for improving performance or otherwise it stops business; and the buyer of Furniture 3 requests correction. The buyer does not impose sanctions on Automotive 1; however, it wants its documentation and declaration in order to initiate business. There is a sanction imposed on Automotive 2 when it sends a misbranding product and the imposed sanction varies subject to subject. For instance, if the supplier has a delivery which might lead to complaints on the quality, its quality rating is affected. Although there are no sanctions on social and environmental sustainability, the buyer might not give new projects when Automotive 3 falls below quality and delivery standards. As a result, it can be inferred that buyer companies of both Automotive 2 and Automotive 3 are prone to follow risk avoidance-oriented strategies due to their punishment approach.

In addition to sanctions imposed on suppliers, there is also an incentive mechanism if they fully comply with the corporate sustainability standards. Nevertheless, majority of suppliers think that there is no additional incentive for their compliance. According to Textile1, the buyer enables its supplier to work in full capacity by regular orders and include it in various projects. In fact, due to their outstanding performance, buyer invites them to enroll some social responsibility projects such as fair living wage and workplace dialogue. “Not only us, we are involving our sub-suppliers into those projects too”. In this case, the buyer follows collaboration-oriented strategy. Supplier companies including Textile 2, Textile 3, Furniture 1, Furniture 3, and Automotive 1 and - to a certain extent - Furniture 3 and Automotive 3 think that there is no additional encouragement or incentives for their compliance. The interviewee of Furniture 3 said that “our compliance with the corporate sustainability standards does not directly affect order amount. The buyer is aware that we are one of its best suppliers, actually, on the one hand, we fulfill social and environmental requirements and on the other hand have technical equipment, skills and capacity to produce as they want; they therefore prefer us in order to produce the new series designs”. For Automotive 2, while customer relations manager considers the increase in orders/projects as incentive, production planning manager pays attention to the maintenance of current position. The interviewee of Automotive 3 underlined that as a result of successful projects, there are incentives such as increase in volume and pricing in the next agreement of the project. The

supplier becomes a preferred one and thus generally having financial incentives. The buyer which adopts a performance-oriented strategy gives incentives such as increase in volume and pricing.

In line with supplier management approaches, buyer companies carry out wide ranging activities including audit, training, communication, risk management and performance management with their supplier companies in compliance with corporate sustainability standards. Starting with Textile 1, the buyer conducts announced and unannounced audits itself; establishes a communication between its sustainability developer and sustainability manager of the supplier and provides trainings on the changing minimum requirements. For Textile 2, the buyer intensively audits its supplier and counts third-party auditors in the process as well. The communication is conducted between sustainability compliance specialist of the supplier and Istanbul head office of the buyer. The sustainability compliance specialist of the supplier carries out communication and training activities. Therefore, s/he has the responsibility to give training to both white-collar employees and sub-suppliers. According to the sustainability compliance specialist, the buyer tacitly follows a risk avoidance-oriented strategy. S/he thinks "Risk management depends on the culture of sub-suppliers. It is necessary to place the culture of doing business in this regard". The buyer reflects its performance management to orders by checking on-time delivery, quality of products, and fair price. The buyer of Textile 3 conducts an announced audit for the first four minimum requirements and unannounced audits for rest of them; establishes communication between its sustainability director of the Istanbul head office and sustainability manager of the supplier; regularly organizes trainings and online open sessions. The buyer of Furniture 1 visits the factory biannually for auditing and requests the relevant information and documents periodically. Additionally, there is a strong communication between its purchasing manager and export manager of the supplier; supplier communication portal involves all companies working with this buyer in the world and buyer has its own staff in each country. Whenever a problem occurs, the supplier directly contacts with this personnel. As a final component, buyer organizes training activities to educate the related staff in the supplier and provide a direct line at the factory floor for grievances and complaints from employees about non-compliances. The supplier assesses risk management and performance management

as its own in-house activities. Furniture 2 is annually audited by the accredited institutions (e.g. Intertek for Sedex, BM Trada for FSC, NEPCon for EUTR) and its buyer further visits the company in order to control quality of products. Although the supplier directly works with headquarter in the UK, trainings are organized by Istanbul office. The communication is mainly established on emails. While risk management activities are carried out in line with FISP and EUTR certifications, performance management is assessed on the basis of quality and delivery. In line with supplier management approaches, the buyer only carries out audit activities in Furniture 3"s Istanbul office. The buyer of Automotive 1 visits its supplier monthly for audits. The buyer includes third party auditors in the process in case the supplier insists on same mistake. Communication is ensured through supplier portal. Trainings are organized for each level including company partners, white-collars and blue-collars since they all have educational goals. Despite its training portal is currently work-in-progress, the buyer gives them training if required. For Automotive 2, it is audited by the buyer itself on logistics, products, quality; third party auditors are involved related to the information security issues. The buyer organizes trainings for the use of some tools such as data exchange portals. On the other hand, if the buyer notices non-compliance in the dyehouse in the auditing process, it request to give training to blue-collar workers as an action. As stated before, coordination is maintained in line with the customer relations department established to coordinate four main departments including quality, project, sales and logistics. The buyer indirectly imposes the supplier to carry out its risk management, that is, as the first supplier, the company is subject to IATF 16949 (International Automotive Task Force). The institution makes each department of the supplier compulsory to assess its risk. The performance management is evaluated on the basis of ratings as A and B. For Automotive 3, there are one announced audit and four onsite visits in a year. In addition to online trainings, technical trainings are organized for white-collar personnel in Istanbul office. Although the buyer has headquarter in Istanbul, the supplier directly contacts with its plant in Germany since its first business relations started with this plant. While headquarter in Istanbul carries out purchasing process, the supplier is in contact with the plants in Germany and Poland for quality and production issues. The supplier struggles with heavy email traffic and weekly teleconferences. While risk management is based on

customer complaints, technical issues and so on; performance management is evaluated on the basis of parts per million and delivery.

There might be additional business partners (e.g., auditing firms) involved to drive suppliers‟ compliance. Supplier companies including Textile 2, Furniture 2, Automotive 1 and Automotive 2 need a third party involvement. Although the buyer of Textile 1 conducts its own audits, the supplier is subject to third-party auditors because it produces a specific sub-brand which takes part in the buyer‟s product portfolio. Companies such as Bureau Veritas, Intertek and SGS visit and conduct an audit similar to the minimum requirements of the buyer. In addition to the buyer‟s own audits, Textile 2 is audited by the third parties. The human resource and code of conduct manager thinks - “This is a good thing because it is in compliance with the principle of transparency; it does not adversely affect our relations”. The buyer of Textile 3 does not need a third party involvement, but the supplier itself uses auditing companies since it has audit reports that are voluntarily obtained. The buyer of Furniture 1 conducts its audits with its own auditors. For Furniture 2, there is additional business partners (e.g. auditing firms) involved in the process to ensure its compliance. For Automotive 1, the buyer visits its factory monthly for audits, if it insists on same mistake, the buyer did not leave until it correct it or it involves a third-party auditor into the process. The buyer of Automotive 2 is able to carry out audits both on its own and through the third party auditors. That is, while the buyer performs its own audits for logistics, quality and products, the audit on the information security is outsourced by a third party. The interviewee thinks that the buyer prefers a third party involvement after calculating the cost of using its personnel for auditing. Lastly, Automotive 3 is audited by the buyer company itself. Moreover, the supplier company receives consultancy services in order to evaluate the activities carried out with a professional opinion.

The buyer company can work together with other companies to ensure compliance with corporate sustainability standards (e.g., bilaterally with an industry fellow or industry initiative). The interviewee of Textile 1 draws attention to a particular problem in textile industry in which each buyer asks different questions. Therefore, all textile manufacturers demand a single platform with common criteria since there is only one kind of truth. As a result, the Higg Index which was developed by the Sustainable Apparel Coalition (SAC) enables brands, retailers and

manufacturer companies to assess sustainability performance (The Sustainable Apparel Coalition, 2019). By participating in the Higg Index system, Textile 1 aims to „accurately evaluate environmental and social sustainability along with its sub-suppliers in the supply chain" (Textile 1, 2019). Social Compliance Specialist of Textile 2 gave a remarkable example on an industry initiative. A project called „Workplace Dialogue" has been jointly initiated in a sub-supplier which is approved by both buyer companies of Textile 1 and Textile 2. With participation of International Labor Union (ILO) and IndustriALL Global Union, it is aimed that the production unit should have democratically elected a worker representative and thus managing the process in this regard. Furthermore, both Automotive 2 and Automotive 3 gave the instantiation of International Automotive Task Force (IATF). As an " „ad hoc" group of automotive manufacturers including BMW Group, FCA US LLC, Daimler AG, FCA Italy Spa, Ford Motor Company, General Motors Company, PSA Group, Renault, Volkswagen AG and their respective trade associations – AIAG (U.S.), ANFIA (Italy), FIEV (France), SMMT (U.K.) and VDA QMC (Germany)"; IATF applies a common set of techniques and methods for product and process development for automotive manufacturing worldwide (International Automotive Task Force, 2019). On the other hand, supplier companies including Textile 3, Furniture 1, Furniture 2, Furniture 3 and Automotive 1 stated that they have information on such an industry initiative.

4.3.3.3. Performance-oriented Strategy

In order to remain competitive in the market, supplier companies are aware of the requirement of applying sustainable strategies. For example, sustainability manager of Textile 1 underlined that "We are now competing with Europe and the USA in terms of pricing and length of term. However, due to the geopolitical position of Turkey, sustainability is the only field that can make a difference in competing markets such as China and Bangladesh". Sustainability specialist of the company also agreed with the manager. -"From my standpoint, the sustainable strategies which are actually cared about in abroad, has been at the forefront for 5 years in Turkey. While some employers consider these strategies as marketing plan, many of them realized that they cannot exist unless they do have a sustainability plan for the future". Textile 2 thinks that applying sustainable strategies is vital to remain

competitive in the market; however, all echelons of the supply chain (e.g. sub-suppliers and fabrics merchants) are expected to reach a certain standard. Likewise, furniture suppliers view sustainable strategies as a prerequisite to maintain competitiveness in the market and think that the number of purchases would be increased in this regard. However, supplier companies in the automotive industry consider from a different angle, that is, with its rigorous terms and standards, the companies do not have many alternatives and put an endeavor to move forward by creating opportunities within a limited space. For instance, customer relations manager of the Automotive 2 states that "I think sustainable strategies have an impact if we look at the companies we are competing with right now, but we are more focused on priced and quality issues. Like all our competitors, we deal with the product and its technically correct commissioning and also competitive pricing. This does not mean that sustainability issues are trivial, but they are not on the top of my agenda". Likewise, interviewee of Automotive 3 highlights that "competitiveness equals to affordable price in present-day conditions". They make long-term agreements in order to be competitive. They thus carry out long-term project-based work. For instance, the first project which has been started in 2010 with the relevant buyer company is still ongoing. Meeting both customer and supplier expectations is one of the most important factors in the long-term agreements. On the other hand, Vice President of the Executive Board of Automotive 1 thinks that sustainability strategies catalyze the production process since their only feature is to repeat the same process with the aim of achieving the same standard.

In line with the performance-oriented strategy, buyer companies might require formal proofs by signed codes of conduct or certifications, e.g. ISO14001 or SA8000 that indicate that suppliers comply with certain sustainability standards. Textile 1 prepared both the sustainability report and code of conduct on its own initiative. There is a signed contract between Textile 2 and its buyer which includes the Code of Conduct for Manufacturers and Suppliers of the buyer. The company itself developed policies and balanced scorecard for each sub-supplier. Textile 3 developed its code of conduct under the title of 'social compliance policies' before the request of the buyer. German and Dutch buyer companies generally request Business Social Compliance Initiative (BSCI) and Sedex Members Ethical Trade Audit (SMETA) certificates. The company had already obtained the BSCI

certification before the request of its buyer. Furniture 1 has ISO9000 certifications though the buyer did not make such certificates obligatory. Upon the demand of its buyer, the supplier added four new criteria into its disciplinary code and procedure in order to improve its workers‟ conditions. Furniture 2 stated that "We do not have a separate code of conduct, but the Supplier Ethical Data Exchange (Sedex) report which includes issues such as „whether there is a discrimination against the women workers, discrimination against race and religion among the workers, mobbing in the working environment‟, are well-documented and open to online access". For Furniture 3, the buyer only asked for ISO9000 certification and it independently developed its ethical code of conduct and codes of practice. The buyer requested Automotive 1 to have ISO9000 and develop its code of conduct and conflict materials (environmental issues). On the other hand, its buyer asked Automotive 2 to have the certifications including the German Association of the Automotive Industry Process-Audit Standard (VDA) 6.3, ISO 16949 (Automotive Quality Management System) and ISO 27001 (Information Security Management System). By the way, the customer relations manager of the supplier thinks that "We developed our code of conduct and sustainability report on our own initiative; in fact, these are *sine qua non* for such a giant company in 2017". Lastly, Automotive 3 were required to have ISO16949 and ISO14001 and developed its code of conduct and environmental policies independent from the buyer.

Sustainability labels used on products could be evaluated in line with the tendency of buyer companies toward the performance-oriented strategy. The buyer does not demand use of sustainability labels from Textile 1. However, by year of 2020, the main target of the buyer is that a European consumer could reach all the information in terms of social and environmental sustainability by looking at the Higg Index on the label of the products s/he buys. Similarly, the buyer of Textile 3 do not asked for using sustainability labels on products. Nonetheless, social compliance specialist of Textile 2 explained that they use sustainability labels on specific products such as „join life‟ based on the request of the buyer. The furniture suppliers are not required to use sustainability labels on the products; however, they might use recycling labels when packaging products. Furniture 1, on the other hand, developed a tracking system itself in order to control its own products, that is, they use green labels for southern countries and red labels for northern countries. While

Automotive 2 and Automotive 3 do not use sustainability labels on the products, in line with the request of its buyer, Automotive 1 uses clean energy labels for exhaust gases and a recycling label for plastics. Besides, Automotive 2 noted that although there is no labeling on the products, as a legal obligation, they have to use branding/marking/stamping on the products which prove that they meet certain standards. For instance, if the buyer wants to sell its brand to the Brazilian market, it makes INMETRO certification compulsory for the supplier since it supplies safety-related parts.

4.3.3.4. Risk avoidance-oriented Strategy

When the major social and environmental sustainability issues confronted within the supply chain are analyzed, particularly the textile companies that have sub-suppliers are exposed to several social sustainability problems on the insurance premium payment, double payroll, tax liabilities and so forth. In particular, the double payroll problem cannot be overcome in the short term. Due to high labor costs in Turkey, employers pay the wages on the minimum limit and hand the remaining part to the employees. Furthermore, considering the dynamics in the country, woman which is the primary labor force in the textile industry, earn a living with this remaining part. Therefore, the buyer has not hitherto developed any criteria on this issue. However, the sustainability manager of the Textile 1 states that "it is a tragedy that a foreign brand enters into a country and imposes sanctions on the companies as a result its own audits, because our government structure has gaps in pursuing the abovementioned issues". Concerning the environmental sustainability issues, the companies embark on quest to find alternative chemicals instead of the prohibited and restricted hazardous chemicals, while at the same time searching for new technologies which consume fewer natural resources. Nevertheless, they are subjected to additional investment costs in improving the extant systems. As a matter of fact that, the social compliance specialist of the Textile 2 acknowledged that "this is not an easy task from today to tomorrow; however, the suppliers that do not follow these improvements, will not be able to survive after a while." On the other hand, company owner pointed out another problem in the textile sector: shortage of skilled workers in the developed cities of Turkey. Therefore, they distributed their sub-suppliers to different cities (e.g. Giresun, Ordu and so on) in order to spread the risk.

Supplier assessment and supplier collaboration are two dimensions of supplier management practices, which contribute to ensure suppliers' compliance with CSS. In this regard, the buyer can visit or audit the supplier or request documents in order to control whether the supplier complies with CSS. In fact, all supplier companies in the interview stated that their buyers audit them. For the textile companies, the sustainability developer assigned to Textile 1 conducts announced and unannounced audits annually. While the human resource and code of conduct manager of Textile 2 stated that the auditing are held on both site visits and documentation; the social compliance specialist explained the process in details. "Initially, the buyer carries out pre-audits itself in order to approve us as a supplier. After being approved, the buyer informs us that it has appointed a semi-announced audit by a third party auditor. The supplier which is under the third party audit is classified as A, B, C, and D or subject to Corrective Action Plan (CAP). Then, the buyer conducts its unannounced audits once every six months. The interviewee of Textile 3 stated that the first audit (4MR) and all other audits are carried out by the buyer itself in an unannounced way and no third-party auditors are involved in. After an opening meeting, the audit starts with site visits. The buyer then requests documentation, holds personnel interviews, and finalizes the process with a closing meeting. Considering the furniture companies, the buyer audits the Furniture 1 biannually and requests the relevant information and documents periodically. Furniture 2 is audited annually by the accredited institutions. Although the supplier directly works with headquarter, Istanbul office of the buyer comes for site visits a few times in a year with the aim of observing the manufacturing process, container loading, and etc. Contrary to the site visits, the buyer periodically asks for information and documentation. Interviewee of Furniture 3 stated the audits are conducted in their Istanbul office instead of the factory. If required, the buyer also requests for information and documentation from the sales team. In the same vein, supplier companies operating in the automotive industry are subjected to site visits and audits. For instance, the buyer visits factory of Automotive 1 monthly for audits, if they insist on same mistake, they did not leave until the supplier corrects it or they involve a third-party auditor into the process. The buyer of Automotive 2 is able to carry out audits both on its own and through the third party auditors. That is, while the buyer performs its own audits for logistics, quality and products, the audit on the

information security is outsourced by a third party. In addition to the regular audits, there are product-based audits and their frequency depends on the increase in the number of new products. For Automotive 3, instead of a third party auditor, the buyer conducts its own audits. There are at least one announced audit and four site visits. The buyer absolutely requests information and documentation for each new project.

Considering its geopolitical position, buyer companies assess the supply chain sustainability risks in Turkey. Following the risk assessment, they manage their suppliers by using various approaches including encouraging for in-house manufacturing, requesting for alternative establishments abroad and looking for alternative suppliers. For instance, the Swedish multinational retail-clothing company assess as a risk factor when the sub-suppliers of the supplier are widely scattered and thus leading them to produce in-house for a manageable supply chain. That is one of the reasons why the supplier which has 3 sub-suppliers in Denizli and 4 sub-suppliers in Izmir, started to produce in its Izmir branch. However, contrary to the buyer, the supplier thinks that working with sub-suppliers spreads a risk in terms financially since the bankruptcy of its in-house production damages further than the bankruptcy of the sub-supplier. As another supplier management approach, after the July 15th coup attempt in Turkey, the buyer company, one of the world's largest fashion retailers in Spain, requested the supplier to find an alternative place for manufacturing. Textile 2 therefore established a factory in Romania and started production there. In a similar vein, the buyer downgraded Furniture 1 from A to B due to political risk of country – "this is not about our performance, it is about the context that we are operating in". When they think the risk reduced, they upgrade them to A again. Furthermore, interviewee of Automotive 3 states that the buyer have been concerned about both economic situation and form of government of Turkey in the last 10 year. Therefore, their primary aim is to protect their current supplier and look for an alternative supplier to reduce risks. "When the buyer chooses us as a supplier, they always want to work with us, so they want us to be financially strong. In other words, while choosing a supplier, they look for a company that not only produces high quality, but also can financially survive". It is obvious that although the buyer is in search of alternative suppliers for its long-term projects; it primarily protects its current supplier, supports in its economic

difficulties, and extends order lead times if required. The supplier manages the sub-suppliers by using the same approach, that is, “we put an endeavor to protect our suppliers as much as possible in order to avoid finding new suppliers though we keep alternatives at hand”.

4.3.3.5. Collaboration-oriented Strategy

Suppliers develop different sort of innovative approaches, ideas, products and processes in order to integrate sustainable strategies along the supply chain. A most outstanding example of proactive management initiated by the buyer company is „Fair Living Wage“ strategy and „Workplace Dialogue“ program. “We are one of three main suppliers which implement these projects in Turkey. We are not only involved in the projects as a main supplier, but we also include our sub-suppliers. For example, we work with four sub-suppliers in the fair living wage project and four sub-suppliers in the workplace dialogue project. The entire supply chain including all our garment plants and dyehouses take place in the Higg Index. We encourage them to become better. For instance, we go to the sub-supplier which has not organized orientation trainings yet and lead their personnel manager by explaining the logic behind. When they get scores in Higg Index, both of us are pleased”. Textile 2 which has a partial research and development (R&D) department in its factory develops forecasting models. For example, the supplier developed a washing machine in its washing plant in which two kilograms of water is consumed for one kilogram of product instead of fifteen kilograms of water for one kilogram of product. Therefore, both it reduce its costs and less harm to the environment. The co-developed machine is now used all over the world. To increase energy efficiency and decrease water consumption, Furniture 1 made some process innovations such as switching all bulbs with led bulbs in its newly-established building and sprinkler system for logs. Furniture 2 participated in the „Plan A“ program in which the buyer company awards certain categories, including sustainability, environmental awareness and other issues. The supplier which developed sawdust fired heating boiler was awarded in the environmental category. In doing so, the supplier aims at manufacturing efficient and environmental friendly products. In addition, the company bought a fingerjoint machine to combine small but usable parts with the aim of reducing the amount of waste. Last but not least, the supplier developed a waste water treatment system on

its own initiative in order to reuse treated waste water in the garden irrigation. Factory Manager of Furniture 3 states that they follow current trends by visiting international fairs in order to develop innovative products. On the other hand, Automotive 1 applies some management approaches such as world class manufacturing (WMC), kaizen, and six-sigma. “The focus of WMC is to obtain financial benefits by increasing efficiency; it helps us to find our own deficiencies … whereas Toyota production system is people-oriented”. Additionally s/he stated that “we bought a supplier relationship management system and designed it according to our needs and now we manage our 400 suppliers with this system”. The system enables them to track the whole process in terms of some criteria order, transportation, quality, performance etc. “none of them is compulsory, we make it compulsory for our suppliers”. Production planning manager of Automotive 2 highlighted that life cycle of companies has shortened from sixties to fifteen years due to rapid change and therefore technology, notably Industry 4.0 is the only way to keep up with the change. In this regard, the company initially uses Systems Analysis and Program Development (SAP/ERP) and thus digitizing its process including production plan, sales distribution plan and big data creation points. As a management approach, the supplier which established the „Sustainability Committee“ aims at implementing its sustainability strategy with the inclusion of all stakeholders, particularly its employees, customers and suppliers. So, it can effectively contribute to the development of sustainability issues in the value chain (Automotive 2 Sustainability Report, 2017). Quality manager of Automotive 3 said that “We strictly monitor our energy, water and electricity consumptions; however, there is little space for alternative implementations such as fixing dripping taps. Concerning the waste in casting, we are not allowed to reuse them, for this reason, we send them back to our sub-supplier. Thanks to the recirculation system we have developed for waste oils, one barrel of boron in three months is consumed instead of one barrel per month”. As to organizational innovation on social sustainability, the supplier created working teams in its organizational structure. For each product group (e.g. product of the relevant buyer), there is one production engineer, one quality engineer, one person from R&D and one person for the maintenance. Although the company is composed of departments on paper, the working teams for each product take place in the same office. Due to large number of product groups, a new orientation to sustainability

which has affected both organizational structure and positions have been evolved (Neutzling, 2018, p.3453).

In accordance with supplier management approaches, the buyer companies initiate capability building activities for their suppliers in terms of social and environmental responsibility (e.g., based on the findings of an on-site assessment). For example, the buyer company of Textile 1 got involved in the project on the Great Menderes River which was initiated by the World Wildlife Fund (WWF) in collaboration with the Denizli Exporters Association and Denizli Chamber of Commerce. In fact, water pollution in the river has reached the critical level in the world and Denizli is the most polluting city of the river in Turkey. While involving in the project, the buyer wanted its supplier to participate in the project together with its all sub-suppliers (garment plants and dyehouses). Awareness training was organized on the current situation of the river and a project called „œco-efficiency" was started. In line with the relevant project, the supplier would save electricity and water, while simultaneously less and cleaner water would be discharged to the Büyük Menderes, namely, this is a win-win situation. In addition to the environmental project, the buyer supports its supplier through social responsibility projects such as workplace dialogue and fair living wage. According to interviewee of Textile 3, this depends on what each case is about; that is, the buyer can initiate context-specific capability building activities based on the findings of an on-site assessment. For instance, if a foreign working without a work permit is identified, the buyer requests that the employee not to be dismissed and employ him/her after s/he obtains the work permit. However, in case a foreman sexually harasses an employee, the buyer takes him/her under protection and then cancels the supplier's manufacturer code and all account. Automotive 3 evaluates all audits and site-visits conducted by the buyer as technical improvements. They are carried out in line with the supplier process improvement (SPIP) program of the buyer (if necessary) and VDA 6.3 standards (once a year). Certain actions emerge as a result of the technical improvement programs and the supplier has to fulfill its obligations by including the blue-collar workers who produce the safety parts.

Regarding collaboration-oriented approach, the buyer company could train its supplier (first-tier supplier) to cascade requirements and standards down to its own suppliers (i.e., second-tier suppliers). Textile 1 stated that "Yes, they train us about

the amendments on the minimum requirements. Although the buyer did not demand training from us to give our sub-suppliers, we opted for dialogue approach instead of an e-mailing or sending a contract through a lawyer. For example, the buyer informed that both supplier units and production units must install electricity and water meter in order to reduce consumption. When the sub-suppliers do not know the logic behind the installation of those metrics, they might resist. Therefore, we explained the reasons why they have to do this". The social compliance specialist of Textile 2 is the person who is responsible for giving training both white-collars and sub-suppliers and has to prove those trainings with photos. Since sub-contracting companies of Furniture 1 are classified as its sub-supplier and subject to the Minimum Requirements ("of Buyer for Environment and Social & Working Conditions when Purchasing Products, Materials and Services"), the supplier transfers trainings to both its workers and its catering company. The buyer requests Furniture 2 to give training to its sub-suppliers they work with. The interviewee of Automotive 1 underlined that "Since the mission of key industry is to improve its subsidiary industry as a social responsibility, each echelon in our company including blue-collar, white-collar and even company partners is trained through their training programs and indeed we all have training goals". For Automotive 2, in order to use some of tools of the buyer, it organizes trainings. It is sufficient that the units which are in contact with the buyer can use those tools. However, in a different situation, when the buyer realizes that something does not go well during the auditing process such as in the dyehouse, it might say that the supplier should train its blue-collar for the action plan. On the other hand, the buyer of Automotive 3 stated that its buyer company does not give trainings to cascade requirements and standards down to its sub-suppliers. "You should be able to lead them as I do and solve the problems by yourself".

4.4. Study 2: Survey

4.4.1. Data Collection and Analysis

The sampling frame of the current study, which is based on a survey, includes the supplier companies operating in Turkey. The Aegean Exporters" Association (AEA) agreed to collaborate with us for the survey process and the questionnaire was

sent to the member network of AEA, which was randomly selected in order to represent 12 sectors including aqua and animal products, dried fruits, olive and olive oil, cereals, forestry and wooden products, fresh fruits and vegetables, tobacco, textiles and raw materials, apparel, leather and leather products, minerals, and ferrous and non-ferrous metals. Besides, the institution has members in automotive sector. The sample used in the study was drawn from a list of members of the institution. Through its membership database, a total of 1200 potential respondents initially received an email with the link to an online survey together with a short introductory letter. The letter which described the aim of the study ensured confidentiality and offered incentives in return for participating the questionnaire such generation of an executive report in accordance with the analysis results (Hartmann and Grahl, 2011: 72). The respondents were requested to complete the questionnaire designed in Turkish language. Following the initial contact, almost two and a half months, the second email reminder was sent to the same list. A total of 135 supplier companies participated in the questionnaire when the data collection process was terminated, representing a response rate of 10.9 percent. Despite having been reached a relatively low response rate in reference to most social science research standards, the sample enabled an adequate statistical power to the study in which Smart-PLS was employed in testing the measurement model (Thornton, Autry, Gligor, and Brik, 2013: 72). However, 4 of the 135 completed questionnaires had to be eliminated due to lack of significant data. The remaining 131 valid responses were therefore utilized for the further analysis (response rate: 10.9 %). Information on the profiles of the responding supplier companies and employees are provided in Table 2.

Table 2. The profiles of the responding companies and employees

Table 2a	
The profiles of the respondents (employees)	
Characteristics	**Percent**
Age	
20-30	10.68
30-40	40.45
40-50	34.35
>50	9.16
Missing	5.34
Gender	

Female	24.42
Male	74.04
Missing	1.52
Educational level	
PhD	1.52
Master Degree	22.90
Bachelor's degree	67.93
High school	6.10
Missing	1.52
Department at the company	
Supply Chain	23,66
Sustainability	6.10
Human Resources and Code of Conduct	6.87
Others	60.30
Missing	3.05
Position at the company	
Senior executive	55.72
Mid-level executive	35.11
Junior executive	1.52
Not executive	6.10
Missing	1.52
Tenure with the company	
1	10.68
1-5	28.24
5-10	23.66
>10	31.29
Missing	6.10
Table 2b	
The profiles of supplier companies	
Characteristics	**Percent**
Number of employees at the company	
1-9	6.87
10-49	19.08
50-250	32.06
>250	41.98
Founding year of the company	
1-10	18.32
10-20	17.55
20-30	25.19
>30	35.87
Missing	3.05
Operating sector	
Apparel	36.64
Automotive	15.27
Textile and Raw Materials	8.40
Furniture, Paper and Forestry Products	7.63
Ferrous and Non-Ferrous Metals & Steel	6.11
Others	25.95
Number of buyers in supplying its products	

1-5		25.95
5-10		11.45
10-50		25.19
>50		33.58
Missing		3.81
Supplier-level (type)		
Main supplier (Tier 1)		74.81
Sub-supplier (Tier 2)		14.50
Missing		10.69
Length of the relationship with the buyer		
1-5		30.53
5-10		22.13
10-20		35.11
>20		9.16
Missing		3.05
Percentage of total annual production amount supplying to the buyer		
% 0-25		37.40
% 25-50		24.43
% 50-75		15.27
% 75-100		18.32
Missing		4.58
Country of origin of the buyer		
Europe	Germany	16.03
	Spain	7.63
	United Kingdom	5.34
	Sweden	4.58
	Italy	3.05
	Netherlands	2.29
	Denmark	0.76
	France	0.76
	Switzerland	0.76
	Europe	0.76
Europe	Total	41.98
USA		6.87
Japan		2.29
Russia		1.52
Malaysia		0.76
Israel		0.76
Turkey		42.74
Missing		3.05

Table 2 which is divided into two parts illustrates both the profiles of responding employees and their companies. Regarding the profiles of the respondents, the questionnaire items measured age, gender, education, department at the company, position at the company and tenure with the company. In terms of the department at the company, while 23.66 percent of the employees are assigned at supply chain department, 6.10 percent at sustainability department, 6.87 percent at human resources and code of conduct department; the remaining 60.30 percent is employed at the other departments such as quality, research and development (R&D), export, import, production, business development and so on. The figures prove that the respondents had a general knowledge about the topic of the questionnaire, in fact; approximately 36.63 percent of them were employed in the departments with a direct relation to supply chain management (Hartmann and Grahl, 2011: 73). More than half of the total employees have senior-executive position at the company. Concerning the working period of the employees for the company, 10.68 percent of them have been working for one year or less than one year, 28.24 percent of them have been working between one to five years, 23.66 percent of them have been working between five to ten years and 31.29 percent of them have been working more than ten years at the company. Other half of the table which demonstrates the profiles of the respondent supplier companies gauged number of employees at the company, founding year of the companies, operating sector, number of buyers in supplying their products, supplier-level (type), duration working as a supplier of the buyer, percentage of total annual production amount supplying to the buyer, and country of origin of the buyer. In terms of the sectors in which the supplier companies operate, the questionnaire results show that 36.64 percent of them are engaged in apparel sector, 15.27 percent in automotive, 8.40 percent in textile and raw materials, 7.63 percent in furniture/paper/forestry products, 6.11 percent in ferrous/non-ferrous-metals/steel, and 25.95 percent in other sectors such as agricultural products, chemicals and chemical products, and glass. While 25.95 percent of the respondent companies sell their products between one to five buyers, 33.58 percent of them have nearly more than fifty buyers. As to classification of supplier level, 74.81 percent of the respondent companies operate at the level of main supplier (Tier-1) and 14.50 percent at sub-supplier (Tier-2). More than 30 percent of the respondent companies have been working for one to five years, 22.13 percent for

five to ten years, 35.11 percent ten to twenty years and 9.16 percent for more than twenty years as a supplier of the buyer. In terms of the percentage of total annual production amount supplying to the buyer, 37.40 percent of the respondent companies sell up to 25 percent of their total annual production amount to the buyer, 24.43 percent of them between 25 and 50 percent, 15.27 percent of them between 50 and 75 percent, 18.32 percent of them between 75 and 100 percent of their total annual production amount to the buyer. Regarding the country of origin of the buyer, 41.98 percent of the respondent companies supply to the buyer at whose country of origin is European including Germany, Spain, United Kingdom, Sweden, Italy, Netherlands, Denmark, France, Switzerland, respectively; 6.87 percent to the USA, 2.29 percent to Japan, 1.52 percent to Russia, 0.76 percent to Malaysia and Israel.

Nonresponse bias and common method variance (CMV) were two further potential biases which were of particular concern to the researchers during the sampling process. Therefore, both were dealt within the analysis (Thornton, 2013: 75).

Nonresponse Bias. Following the extrapolation method (i.e. last respondent) proposed by Armstrong and Overton (1977: 397-400), nonresponse bias was assessed by comparing the trend in responses between early and late waves. The method assumes that the answers of late respondents are parallel to the answers of nonrespondents. The sample was divided into two groups on the basis of early/late respondents[3]. T-test was used to compare the means of two groups on demographic variables and key constructs. The results indicated that there was no significant statistical difference between early and late respondents (excluding CV4)[4], thus providing unavailability of nonresponse bias in these data (Appendix F).

Common Method Variance. The current study adopted a single-respondent approach for the questionnaire, and targeted senior executives who were responsible for managing the supply chain activities (Cai, Jun, and Yang, 2017: 27). Indeed, while more than half of the respondents have senior-executive position at their companies,

[3] Following the initial contact, almost two and a half months, the second e-mail reminder was sent to the same list at the end of April. In this regard, the responses to the survey which were collected by the end of April were classified as early responses and received after the beginning of May were evaluated as late responses. Considering the response date, there are 56 early responses in coding 1 and 75 late responses coding 2.

[4] Since the statistical difference between early and late respondents for CV4 (i.e. number of buyers in supplying its products) was within tolerable limits, the relevant item was not eliminated (Appendix F).

36.63 percent of them were employed in the departments including supply chain, sustainability, human resources and code of conduct. However, due to relying on one respondent from each supplier company, that is, both independent and dependent variables were obtained from the same source; there was a risk of common method variance. In order to avoid this problem, the items were presented in different sections in the questionnaire. Then, Harman‟s single-factor test was also employed to control for common method variance, which all of the variables are entered into a factor analysis. When the results of the unrotated factor solution are analyzed, the factors captured 43.50 percent of the explained variance, suggesting below the threshold value of 50 percent (Podsakoff and Organ, 1986: 533-536). As a result, neither the nonresponse bias nor the common concern bias which could threaten the validity of the results was found and the analysis was perpetuated.

4.4.2. Measurement Development

The measurement items were adapted from the sources of extant literature, sustainability reportings of the well-known global brands and the previously conducted semi-structured interview and thus designed a three-construct model in which each has six items. Due to focusing on supplier companies operating in Turkey, the questionnaire was constructed in two languages. An online survey which was initially designed in English was translated into Turkish and back translated into English in order to ensure equivalency. Both versions were then compared for conceptual equivalence and translation errors and amended where required (Hartmann and Grahl, 2011: 72). Besides, content validity – also known as face validity – evaluates “the relevance of the individual items to its concept through ratings by expert judges, pretests with multiple subpopulations, or other means” (Hair, Black, Babin, and Anderson, 2014: 123). Therefore, considering theoretical and practical issues, the questionnaire and the proposed study model were pretested by three academicians from the field (related to the supply chain management) and two supply chain managers with the aim of purifying the measures prior to confirmatory factor analysis. The items utilized in the questionnaire were assessed in terms of concept and instruction clarity, ease of readability, and ambiguity (Terpend and Krause, 2015:35). To assure content validity, minor revisions were further made to the questionnaire items in line with the comments. The sources of the adapted

measurement items are presented in the Appendix C[5]. In the ensuing part, the three-construct model would be operationalized.

Independent Variables. Respondents were asked to evaluate sustainable supply chain strategies which have been implemented by their major buyers on risk avoidance-oriented strategy, performance-oriented strategy and collaboration-oriented strategy. Each construct was operationalized by using multiple items. Items on risk avoidance-oriented strategy were adapted from Grimm et al. (2016) and H&M Code of Conduct (2010); performance-oriented strategy were adapted from Grimm et al. (2016), Turker and Altuntas (2014), and interview results; collaboration-oriented strategy were adapted from Seuring and Müller (2008), Turker and Altuntas (2014), and interview results. All items related to sustainable supply chain strategies were anchored by a seven-point Likert scale ranging from never (1) to always (7).

Moderator Variables. Institutional duality (ID), as a moderator, was added to the study with the aim of gauging the effect of the strategies applied by buyer on sustainability performance. The items which were related to taking (potential) environmental, social and economic risks into consideration were adapted from Grimm et al. (2016) and Turker and Altuntas (2014). While the item about taking the risks into consideration that may arise from the country was adapted from Grimm et al. (2016), the last item that measured the moderating impact of institutional duality in terms of the activities in compliance with national / local laws and regulations, adapted from the H&M Code of Conduct (2010). Based on considering the practices of their major buyers towards their companies, respondents evaluated all statements by using a seven-point Likert scale ranging from never (1) to always (7). In a similar vein, the ethical value congruence (VC) which is incorporated into the study as a moderating effect to strengthen the conceptual model, probes the ethical fit between buyer and supplier. Four items that measured the ethical stance of the companies were adapted from Chae, Choi and Hur (2017) and Cullen, Victor and Bronson (1993). Respondents then indicated their level of agreement on seven-point Likert-type scale, ranging from strongly disagree (1) to strongly agree (7).

[5] In addition to sources of the adapted measurement items for questionnaire, the official document which was approved by the Yasar University Ethical Committee was attached in Appendix A.

Dependent Variables. Regarding the impact of institutional logics at SSCM, different institutional logics which have led the buyer to implement different strategies bring about different results, particularly on relationship satisfaction and sustainability performance. Respondents were asked to evaluate statements on relationship satisfaction (Carter, 2000; Chae et al. 2017) and sustainability performance (Kähkönen, Lintukangas and Hallikas, 2018) by considering their major customers. All items related to the relationship satisfaction and sustainability performance were requested to answer by using a seven-point Likert scale ranging from strongly disagree (1) to strongly agree (7).

4.4.3. Findings

4.4.3.1. Measurement Validation

4.4.3.1.1. Reflective Measurement Model

Based on the testing system developed and applied by Fornell and Larcker (1981), a three-construct measurement model in which each construct has six items was tested for content validity, construct reliability and validity, and discriminant validity. As aforementioned in the previous part, content validity was ensured by a combination of the use of the literature review, the previously conducted semi-structured interview and the pretest. SmartPLS 3.2.8 (Ringle, Wende and Becker, 2015) was then employed in conducting a confirmatory factor analysis to assess the measurement model via partial least squares structural equation model (PLS-SEM). In fact, as the most prominent representative of the variance-based techniques, PLS path modeling has been increasingly used in various disciplines including „strategic management, management information systems, e-business, organizational behavior, marketing, consumer behavior" (Henseler, Ringle and Sinkovics, 2009: 277) and supply chain management (Hartmann and Grahl, 2011; Chu and Wang, 2012; Thornton et al, 2013; Pulles, Veldman, Schiele, and Sierksma, 2014; Terpend and Krause, 2015; Cai et al., 2017). In this study, contrary to the covariance-based structural equation modeling techniques, its minimum demand about sample size (Fornell and Bookstein, 1982: 449; Hulland 1999: 195; Hartmann and Grahl, 2011: 74), its emphasis on the prediction-oriented or theory-building method (Henseler et al., 2009: 311; Hartmann and Grahl, 2011: 74) and not making assumptions about the

data distributions (Hartmann and Grahl, 2011:74; Hair, Hult, Ringle, and Sarstedt, 2017: 11) are the underlying reasons why PLS-SEM was chosen as the multivariate analysis technique. Considering the fact that the sample size is 131 and the primary objective is theory development, the use of PLS-SEM was deemed suitable in the present study.

Firstly, in order to ensure reliability of the reflective measures of the model, Cronbach's Alpha and Composite Reliability (CR) were assessed. While the values of Cronbach's Alpha range from 0.886 to 0.926 (Table 3), the composite reliabilities range from 0.887 to 0.927 (Table 3). It is obvious that both values which are well above the generally agreed upon lower limit of 0.70 (Aguirre-Urreta, Marakas and Ellis, 2013: 12; Hair et al., 2014: 123) prove the internal consistency of the measurement model.

Convergent validity refers to the items, which are "indicators of a specific construct should converge or share a high proportion of variance in common". Factor loadings and average variance extracted (AVE) are two important considerations to test the relative amount of convergent validity among item measures. Convergent validity was firstly assessed by looking at the factor loadings which should be 0.50 or higher, and ideally 0.70 or higher (Hair et al., 2014: 618). Table 3 demonstrates that outer loadings of risk avoidance-oriented strategy, performance-oriented strategy and collaboration-oriented strategy which range between 0.568 and 0.957 are statistically significant, thus proving adequate convergent validity in the first phase. AVE explains "the amount of variance captured by the latent construct in relation to the amount of variance due to measurement error" and threshold value for AVE is 0.50 or higher (Fornell and Larcker, 1981: 45-6). AVE values of ROS, POS, COS, which are 0.682, 0.570 and 0.661, respectively, exceed the recommended value of 0.50, thus providing satisfactory level of convergence.

Table 3. Assessment of the reflective measurement model (Convergent Validity (Factor Loadings and AVE) and Construct Reliability and Validity)

			Construct Reliability and Validity		
Construct	**Item**	**Outer /Factor Loadings**	**Cronbach's Alpha**	**Composite Reliability (CR)**	**Average Variance Extracted (AVE)**

Risk avoidance-oriented strategy			0,926	0,927	0,682
	ROS1	0,771			
	ROS2	0,794			
	ROS3	0,761			
	ROS10	0,806			
	ROS11	0,877			
	ROS12	0,931			
Performance-oriented strategy			0,886	0,887	0,570
	POS1	0,801			
	POS2	0,846			
	POS3	0,714			
	POS7	0,568			
	POS8	0,776			
	POS9	0,795			
Collaboration-oriented strategy			0,920	0,920	0,661
	COS8	0,801			
	COS9	0,677			
	COS11	0,847			
	COS12	0,858			
	COS13	0,957			
	COS15	0,702			

Discriminant validity, as part of the measurement model evaluation in variance-based SEM, was initially assessed by means of Fornell and Larcker (1981) criterion and cross loadings (Henseler, 2015: 115). According to the Fornell and Larcker (1981: 41) criterion, discriminant validity can be established on the condition that the square root of the AVE of each construct is larger than all other correlations in the model. Table 4 demonstrated that the square root of the AVE for each construct exceeded all other correlations and thus met the requirements for discriminant validity. As the second approach, assessment of cross-loadings allows for establishing discriminant validity on the item level when the item has a higher loading with its respective construct than all other constructs. All items in the current study had the highest loadings on their theoretically associated constructs, providing additional support for discriminant validity (Henseler et al., 2009: 300; Henseler, Ringle, and Sarstedt, 2015: 118). However, “recent research that critically examined the performance of

cross-loadings and the Fornell-Larcker criterion for discriminant validity assessment has found that neither approach reliably detects discriminant validity issues. Specifically, crossloadings fail to indicate a lack of discriminant validity when two constructs are perfectly correlated, which renders this criterion ineffective for empirical research. Similarly, the Fornell-Larcker criterion performs very poorly, especially when indicator loadings of the constructs under consideration differ only slightly (e.g., all indicator loadings vary between 0.60 and 0.80). When indicator loadings vary more strongly, the Fornell-Larcker criterion‟s performance in detecting discriminant validity issues improves but is still rather poor overall.” (Hair et al., 2017: 117-118). Since the Fornell and Larcker criterion and the cross loadings do not reliably identify discriminant validity problems in common research situations, Henseler et al. (2015: 116-129) put forward the heterotrait-monotrait ratio of correlations (HTMT) as a new approach to systematically assess discriminant validity in variance-based SEM. Since the threshold level of the HTMT is subjective ranging from 0.85, 0.95 to 1.0, the sample itself can be determinative in choosing. The each construct in the study which was lower than 0.85 threshold level, satisfied even the strictest standard and indicated adequate discriminant validity.

Table 4. Assessment of the reflective measurement model (discriminant validity)

Fornell-Larcker Criterion			
	COS	**POS**	**ROS**
COS	**0,813**		
POS	0,841	**0,755**	
ROS	0,695	0,837	**0,826**
Cross Loadings			
	COS	**POS**	**ROS**
COS11	**0,847**	0,694	0,610
COS12	**0,858**	0,732	0,585
COS13	**0,957**	0,790	0,682
COS15	**0,702**	0,609	0,467
COS8	**0,801**	0,684	0,544
COS9	**0,677**	0,568	0,473
POS1	0,649	**0,801**	0,694
POS2	0,715	**0,846**	0,703
POS3	0,594	**0,714**	0,604
POS7	0,442	**0,568**	0,511
POS8	0,633	**0,776**	0,669

POS9	0,738	**0,795**	0,595
ROS1	0,563	0,622	**0,771**
RAS10	0,544	0,689	**0,806**
ROS11	0,594	0,747	**0,877**
ROS12	0,662	0,767	**0,931**
ROS2	0,556	0,661	**0,794**
ROS3	0,514	0,650	**0,761**
Heterotrait-Monotrait Ratio (HTMT)			
	COS	**POS**	**ROS**
COS			
POS	0,835		
ROS	0,692	0,839	

4.4.3.1.2. Formative Measurement Model

The model of a formative measurement theory is established on the grounds of the assumption that the measured variables cause the construct; that is, the measured variables should be able to fully explain the construct (Hair et al., 2014: 611). Regarding the assessment of the formative measurement model, the consistent PLS bootstrapping was run and calculated t-statistics, outer weights and variance inflation factors (VIFs) (Hair et al., 2017: 106; Cai et al., 2017: 29). Starting with the assessment of collinearity, high correlations between items in formative measurement models are not anticipated, on contrary to reflective indicators that are able to be essentially interchanged. In fact, the possible problem of multicollinearity can arise when more than two indicators are involved and thus deteriorate the results of analysis (Hair et al., 2017: 141-143). The results which are presented in Table 3 prove that the problem of multicollinearity is not present in the model since all VIFs values (excluding RAS11 and RAS12) for the items are below the cut-off point of 5. However, since they cannot be explained by the other independent variables, the rule of thumb on the tolerance value of 0.10 (or equaled to a VIF value of 10.0) was applied to these two these independent variables (Hair et al., 2014: 200). Following the interpretation of the VIFs, the significance and relevance of outer weights was analyzed by simultaneously taking t-statistics and p-values into consideration. Thanks to the bootstrapping procedure, the outer weights in formative measurement models which are significantly different from zero, contribute to forming the construct (Hair et al., 2017: 146).

Table 5. Assessment of the formative measurement model

Formative Measurement Model				
	VIFs	**Outer Weights**	**T Statistics**	**p-values**
COS11 <- COS	3,062	0,206	14,414	0,000
COS12 <- COS	3,555	0,209	17,595	0,000
COS13 <- COS	3,522	0,233	16,664	0,000
COS15 <- COS	2,373	0,171	12,133	0,000
COS8 <- COS	2,508	0,195	10,764	0,000
COS9 <- COS	2,077	0,165	8,046	0,000
POS1 <- POS	3,647	0,221	15,471	0,000
POS2 <- POS	3,421	0,234	15,399	0,000
POS3 <- POS	1,942	0,197	10,384	0,000
POS7 <- POS	1,918	0,157	7,805	0,000
POS8 <- POS	2,243	0,215	11,988	0,000
POS9 <- POS	2,115	0,220	11,341	0,000
ROS1 <- ROS	2,820	0,182	13,010	0,000
ROS10 <- ROS	4,258	0,190	11,027	0,000
ROS11 <- ROS	8,028	0,207	14,691	0,000
ROS12 <- ROS	8,327	0,220	15,774	0,000
ROS2 <- ROS	2,962	0,187	11,425	0,000
ROS3 <- ROS	2,354	0,179	9,619	0,000

*All p-values < 0.05 and t-statistics > 1.96

4.4.3.2. Hypothesis Testing

After having attained the satisfactory level of quality in the overall measurement model, the structural model can be analyzed. In fact, the structural model which is theory-based primarily focuses on the research question and/or research hypotheses (Henseler, 2017: 365-371). In so doing, the main hypotheses in the structural model were tested by assessing the path coefficients and their significance levels in the study. Prior to verifying the statistical significance of each path coefficient in the model, both the coefficient of determination (R^2) of the endogenous constructs and the standardized root mean square residual (SRMR) criterion are provided. The R^2 values of the main dependent variables are 0.320 for relationship satisfaction and 0.411 for sustainability performance. According to Hair et al. (2017: 208), R^2 values of 0.75, 0.50, or 0.25 for the endogenous construct can be accepted as substantial, moderate, and weak, respectively, though proper evaluation of the R^2 values is based on the model itself and research discipline. For this reason, the R^2 values of the main dependent variables which are close to the

moderate level support the explanatory power of the model. As the most prevailing model fit criterion in the context of PLS, the SRMR which looks for „the square root of the sum of the squared differences between the model-implied and the empirical correlation matrix", expects a cut-off value of 0,08 (Henseler, 2017: 369). The SRMR values which are 0.055 for relationship satisfaction and 0,058 for sustainability performance.

In order to eliminate the effects of external factors that might bias the results (Terpend and Krause, 2015: 37), eight control variables were introduced to control for (1) number of employees at the company, (2) founding year of the company, (3) operating sector, (4) number of buyers in supplying its products, (5) supplier-level, (6) length of the relationship with the buyer, (7) percentage of total annual production amount supplying to the buyer, and (8) country of origin of the buyer. Multiple regression analysis was conducted for each dependent variable (i.e. sustainability performance and relationship satisfaction) to view whether those control variables have an effect on the dependent variables. The results illustrate that no significant effect was found on both dependent variables (β> 0.05) (Appendix E).

Table 6. Hypotheses testing

Hypotheses	**Results**			
	Standardized coefficients	**T Statistics**	**P Values**	**Status**
Main Hypotheses				
H1a: Performance-oriented strategic approach of buyer organization has no effect on the relationship satisfaction of supplier.	-0,174	0,647	0,518	Confirmed
H1b: Risk avoidance-oriented strategic approach of buyer organization negatively affects the relationship satisfaction of supplier.	0,075	0,411	0,681	Not Confirmed
H1c: Collaboration-oriented strategic approach of buyer organization positively affects the relationship satisfaction of supplier.	0,654	3,805	0,000	Confirmed
H2a: Performance-oriented strategic approach of buyer organization positively affects the sustainability performance of supplier.	0,733	2,444	0,015	Confirmed
H2b: Risk avoidance-oriented strategic approach of buyer organization negatively affects the sustainability performance of supplier.	-0,163	0,756	0,450	Not Confirmed
H2c: Collaboration-oriented strategic approach of buyer organization positively affects the sustainability performance of supplier.	0,044	0,216	0,829	Not Confirmed
Moderation Impact				
H3a: Strategies for managing ID moderate the	0,218	2,025	0,043	Confirmed

link between performance-oriented strategies and sustainability performance; the better ID management will strengthen the impact of performance-oriented strategies on sustainability performance.				
H3b: Strategies for managing ID moderate the link between risk avoidance-oriented strategies and sustainability performance; the better ID management will strengthen the impact of risk avoidance-oriented strategies on sustainability performance.	0,134	1,203	0,229	Not Confirmed
H3c: Strategies for managing ID moderate the link between collaboration-oriented strategies and sustainability performance; the better ID management will strengthen the impact of collaboration-oriented strategies on sustainability performance.	0,089	0,795	0,427	Not Confirmed
H4a: Value congruence between buyer-supplier moderates the link between performance-oriented strategies and relationship satisfaction; the higher level of value congruence will strengthen the impact of performance-oriented strategies on relationship satisfaction.	0,212	1,104	0,161	Not Confirmed
H4b: Value congruence between buyer-supplier moderates the link between risk avoidance-oriented strategies and relationship satisfaction; the higher level of value congruence will strengthen the impact of risk avoidance-oriented strategies on relationship satisfaction.	0,208	0,923	0.356	Not Confirmed
H4c: Value congruence between buyer-supplier moderates the link between collaboration-oriented strategies and relationship satisfaction; the higher level of value congruence will strengthen the impact of collaboration-oriented strategies on relationship satisfaction.	0,153	1,192	0,233	Not Confirmed
H5a: Value congruence between buyer-supplier moderates the link between performance-oriented strategies and sustainability performance; the higher level of value congruence will strengthen the impact of performance-oriented strategies on sustainability performance.	0,193	2,576	0,010	Confirmed
H5b: Value congruence between buyer-supplier moderates the link between risk avoidance-oriented strategies and sustainability performance; the higher level of value congruence will strengthen the impact of risk avoidance-oriented strategies on sustainability performance.	0,133	1,145	0,252	Not Confirmed
H5c: Value congruence between buyer-supplier moderates the link between collaboration-oriented strategies and sustainability performance; the higher level of value congruence will strengthen the impact of collaboration-oriented strategies on sustainability performance.	0,144	2,046	0,041	Confirmed

In order assess the significance of path coefficients of the main hypotheses, consistent bootstrapping method was used in the SmartPLS. As shown in Table 6, the PLS results uncovered that there are different impacts of three strategic approaches of buyer organization on the relationship satisfaction and sustainability performance of supplier. Analogous to the expectations, performance-oriented strategic approach (β = -0.174; $p > 0.05$) of buyer organization has no effect on the relationship satisfaction of supplier and collaboration-oriented strategic approach (β =0.654; $p < 0.05$) of buyer organization positively affects the relationship satisfaction of supplier. However, the results did not overlap with the hypothesis on which risk avoidance-oriented strategic approach (β =0.075; $p > 0.05$) of buyer organization negatively affects the relationship satisfaction of supplier. In this regard, while Hypothesis 1a and Hypothesis 1c are confirmed, Hypothesis 1b is not confirmed. Concerning the relationship of strategic approaches of buyer organization on the sustainability performance; there is a positive and significant effect of performance-oriented strategic approach of buyer organization (β =0.733; $p < 0.05$) on the sustainability performance of supplier, whereas there is no statistically significant relationship for the proposed links for risk avoidance-oriented strategic approach (β =-0.163; $p > 0.05$) and collaboration-oriented strategic approach (β =0.044; $p > 0.05$) on sustainability performance of supplier; therefore, Hypothesis 2a is confirmed, but Hypothesis 2b and Hypothesis 2c are not confirmed.

In the second part, it was assessed whether managing moderators (i.e., institutional duality and value congruence) would strengthen the impact of strategic approaches of buyer organization on sustainability performance and relationship satisfaction of supplier. Depending on the path coefficients, the PLS results in Table 6 indicates that there is a partial effect of performance-oriented strategic approach on the sustainability performance in the light of institutional duality (β = 0. 218; $p < 0.05$); whereas both risk avoidance-oriented strategic approach (β = 0.134; $p > 0.05$) and collaboration-oriented strategic approach (β = 0.089; $p > 0.05$) do not have an impact on the sustainability performance when considering institutional duality as a moderator. Therefore, while Hypothesis 3a is confirmed, Hypothesis 3b and Hypothesis 3c are not confirmed. However, as to the effects of strategic approaches of buyer organization on the relationship satisfaction of supplier in the light of value congruence moderating effect; it is uncovered that performance-oriented strategic

approach (β = 0.212; p > 0.05), risk avoidance-oriented strategic approach (β = 0.208; p > 0.05) and collaboration-oriented strategic approach (β = 0.153; p > 0.05) do not positively affect the relationship satisfaction of supplier in the light of value congruence moderating effect. No hypotheses including H4a, H4b and H4c are therefore confirmed. When the effects of strategic approaches of buyer organization on the sustainability performance of supplier in the light of value congruence as a moderating effect is analyzed; there is a positive and significant moderating effect of value congruence on the relationship between performance-oriented strategic approach (β = 0.193; p < 0.05) and sustainability performance, and a partial moderating effect of value congruence on the relationship between collaboration-oriented strategic approach (β = 0.144; p < 0.05) and sustainability performance; but no moderating effect of value congruence on the relationship between risk avoidance-oriented strategic approach (β = 0.133; p > 0.05) and sustainability performance is found; hence, Hypothesis 5a and Hypothesis 5c are confirmed, whereas Hypothesis 5b is not confirmed.

4.4.3.3. Discussion

The findings of study uncover that survey results are in parallel with the interview and the study model developed in line with the theory-driven strategies reaches at a satisfactory model fit for each dependent variable (i.e. relationship satisfaction and sustainability performance)**.** When the hypothesis results are evaluated within the scope of the current study, two noteworthy findings come to the fore. Firstly, the results demonstrate a positive and significant effect of performance-oriented strategic approach of buyer organization on the sustainability performance of supplier. As mentioned in the previous chapter, performance-oriented strategic approach, which is driven by commercial logic, mainly focuses on a company‟s financial and market performance; in fact, some studies find positive link between a focus on profitability/competitiveness and corporate sustainability (Lai and Wong, 2012; Paulraj et al., 2017). There are further studies that investigate the implications of performance-oriented strategic approach on the sustainability performance (Curkovic and Sroufe, 2011; Kumar and Rahman, 2016). From a commercial logic perspective, adopting a third-party certification and labeling is viewed as a source of legitimacy, and the pressures of buyer organization on its suppliers to obtain such

systems have some positive implications on sustainability performance. Therefore, this finding confirms the positive impact of performance-oriented strategy on the sustainability performance. As can be seen in the Table 6, when ethical value congruence is included as a moderator, the effects of this strategic approach on the sustainability performance further strengthen. Considering the moderating role of value congruence between performance-oriented strategies and sustainability performance, the results are consistent with the studies which focus on the importance of value-laden decisions in the SSCM (Anthony et al., 2014), fateful interactions between buyer and supplier at a common meaning system to gain legitimacy (Sauer and Seuring, 2018), relational norms in relationship continuance decisions (Chen et al., 2016), ethical values and moral beliefs in SCM approach (Sajjad et al., 2015) and so forth. Secondly, depending on a large number studies which focus on the the impact of collaboration-oriented strategy on sustainability performance (Gualandris et al., 2014; Kumar and Rahman, 2016; Paulraj et al., 2017; Wijethilake, 2017), the curent study assumes that a collaboration-oriented strategy attempts to improve the suppliers‟ awareness, knowledge, resources, and capabilities on sustainability, enhances sustainability performance. However, while the results showed no significant effects of collaboration-oriented strategy on sustainability performance, value congruence between buyer and supplier reverses the situation and moderates the proposed link between collaboration-oriented strategies and sustainability performance. The result is consistent with some previous studies [e.g. the study of Hamprecht and Schwarzkopf (2014) on the subsidiary initiatives in the institutional environment]. On the other hand, Akrout and Diallo (2017) failed to find the positive impact of shared values in the development of affective trust in business-to-business relationship. The authors then acknowledged that this is probably due to the necessity of identification of values which are most significant between buyers and supplier to share. On the contrary, as the most significant finding in the study, it can be stated the higher the degree of value congruence between buyer and supplier is, the more likely the impact of collaboration-oriented strategies on sustainability performance will be high and satisfactorily.

Despite the theoretical underpinning on moderating impact of ethical value congruence between buyer and supplier and the extant studies [e.g. the study of Cousins et al. (2006) on informal socialization processes], the hypotheses results did

not confirm the moderating effect of value congruence for strategic approaches of buyer organization on the relationship satisfaction of supplier. It can be stated that the results might be undermined due to the limitations in the current study, in particular relatively small sample size (i.e. a sample of 131 supplier companies).

In parallel with the literature review on the link between performance-oriented strategic approach and relationship satisfaction (Akrout and Diallo, 2017), the analysis results confirms that performance-oriented strategic approach of buyer organization has no effect on the relationship satisfaction of supplier; in fact, the cost-benefit analysis of buyer mostly determines the basis of relationship with suppliers. Unlike companies operating in textile and furniture industry, the automotive suppliers interviewed stated that they focus more on the competitive pricing rather than SSCS since "competitiveness equals to affordable price in present-day conditions". In line with the performance-oriented strategic approach, buyer companies require formal proofs by signed codes of conduct or certifications (e.g. ISO 9000, ISO16949 and ISO14001) which indicate suppliers" compliance with certain sustainability standards. However, buyers rarely request suppliers to use sustainability labels on products (e.g. furniture suppliers only use recycling labels while packaging products).

Analogous with the studies in the literature which provide some interesting findings on the role of institutional duality in formulating and implementing the relevant strategies and practices in SSCM (Xiao et al., 2019; Adebanjo et al., 2013; Wilhelm et al., 2016; Silvestre, 2015; Dong et al., 2016: Busse et al., 2016), this study portrayed institutional duality as a crucial moderator, which consider the economic, social, cultural, or administrative divergence and convergence of institutional contexts across countries. The result confirms the moderator role of institutional duality on the proposed link between performance-oriented strategic approach of buyer organization and sustainability performance of supplier.

CONCLUSION

Despite the attractiveness of emerging markets for large corporations, managing such a geographically dispersed supply chain networks has significant drawbacks too. The exploitative working conditions, illegal or unethical business practices, or environmental pollution at the suppliers‟ factory floors are just a few of them. Considering some global companies‟ notoriously bad supply chain systems, that affect their public image in their home countries, they must find the effective ways of ensuring sustainability across their low-cost producers.

Although there is a growing literature on SSCS, none of these studies ground the emergence of such strategies on a sound theoretical base. In fact, the existing strategic frameworks/approaches towards first-tier suppliers and sub-suppliers in the literature lack a theory-driven coherent approach. Therefore, the study attempts to build a theoretical framework for SSCS, which represents the corporate mindset on SSCM and manifests itself at the sustainability-related practices of buyer companies towards its suppliers. In doing so, in line with the current study‟s classification on SSCS, which are driven by three institutional logics of commercial, public, and social-welfare, this study proposes that each strategic position of buyer company (performance-oriented, risk avoidance-oriented, and collaboration-oriented) has a different impact on supplier. Based on a mixed method approach, the study initially conducted interviews on a sample of 21 interviewees from 9 companies, which are suppliers of 9 separate MNCs operating at textile, furniture and automotive industries with the aim of providing a basis of relevant strategies and practices for the subsequent step of process. Following the semi-structured interview, a survey on a sample of 131 supplier companies was carried out in Turkey in order to test the proposed study model on three theory-driven strategies and their impacts on suppliers.

The current study presents a plethora of contributions to the sustainable supply chain literature. Considering the lack of understanding on how buyer companies operating in developing countries integrate sustainability into their supply chains and how suppliers in developing countries contribute to the sustainability of the supply chain, the current study identifies its research setting as Turkey, which has been viewed as a production hub for most western multinational companies.

Moreover, since the study enables to assess the effectiveness of each strategic approach from the perspective of suppliers, companies can find out the impact of their strategic approaches on the compliance and commitment of suppliers to the corporate sustainability approach. Therefore, in addition to concentration on supplier-side success factors, the current study deserves to be studied from the perspective of focal companies, which have greater influence on other supply chain members. The study provides a valid and reliable measurement on SSCS that can be used by practitioners and scholars in the future. On the other hand, practitioners should consider the context and situations in which both suppliers‟ relationship satisfaction and sustainability performance would enhance as a result of the sustainable supply chain strategies applied.

In addition, when profiles of the responding companies are analyzed, the survey results demonstrates that 36.64 percent of suppliers are engaged in apparel sector, 15.27 percent in automotive, 8.40 percent in textile and raw material, 7.63 percent in furniture, paper and forestry products, 6.10 percent in textile and raw material and 6.11 percent in ferrous/non-ferrous metals/steel. By comparison with the annual export figures of Turkish Exporters Assembly (TİM, 2018) in 2018 which are automotive; ferrous and non-ferrous metals (+steel); apparel; textile and raw materials; and furniture, paper and forestry products respectively, the figures which overlap with the survey results strengthen the rigor and validity of the current study.

However, this study is not without limitations; in fact, it is exposed to one of the most frequently encountered research problem, i.e. relatively small sample size. Despite having been reached a relatively low response rate in reference to most social science research standards, the sample enabled an adequate statistical power to the study in which Smart-PLS was employed in testing the measurement model. Although the study model developed in line with the theory-driven strategies reached at a satisfactory model fit for each dependent variable (i.e. relationship satisfaction and sustainability performance), small sample size is probably the reason behind the lack of significant results on certain hypotheses testing (e.g. moderating role of value congruence on the impact of SSCS on relationship satisfaction). In addition to this, in accordance with the survey results on the profile of respondent supplier companies, it is uncovered that while 54.21 percent of buyer companies operate at Europe, USA, Japan, etc., country of origin of 47.74 percent of buyers is Turkey. This unexpected

result might stem from the second-tier companies which are the sub-suppliers of buyer companies, manufacture to the first-tier suppliers (i.e. their own buyers in this regard). Since 47.74 percent of buyer companies operate at same institutional contexts with their suppliers, institutional differences between buyer and supplier eliminates. In this regard, this accounts for the deterioration of the hypothesis results on the moderating effect of institutional duality between risk avoidance-oriented strategies and collaboration-oriented strategies and sustainability performance. Therefore, the future studies should apply the survey to only exporting supplier companies in order to fully explore the moderating effect of institutional duality. On the other hand, different from the existing moderators used in the study, suppliers‟ readiness, awareness and/or capacity should be considered as a moderator in order to strengthen the link between a focal company‟s strategic approach at SSCM and suppliers-side outcomes. Last but not least, although it is stated that neither the nonresponse bias nor the common method bias which could threaten the validity of the results was found, it is hard to be certain since data collection process does not allow controlling which respondents would answer the survey. However, contrary to prevelant misperceptions about the common method bias in self-report measures, it is reasonable to expect from researchers "an argument for why self-reports are appropriate, a case for the construct validity of the measures, lack of overlap in items for different constructs, and proactive measures on the part of authors to minimize threats of common method bias" (Conway and Lance, 2010: 332).

In conclusion, this study which provides an initial step toward understanding the impact of SSCS on suppliers‟ relationship satisfaction and sustainability performance, presents an avenue for both researchers and supply chain management professionals to extend this approach for future.

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APPENDIX A

T.C.
YAŞAR ÜNİVERSİTESİ
ETİK KOMİSYONU

Toplantı Tarihi: 22.02.2019 ***2018-2019 Akademik Yılı Toplantı Sayısı: 8***

GÜNDEM 4:

Yaşar Üniversitesi Sosyal Bilimler Enstitüsünün 20.02.2019 tarihli ve 1929 sayılı yazısı ile sunulan; İşletme İngilizce Doktora Programı öğrencisi 14300009037 No.lu Narin BEKKİ'nin yürütmekte olduğu "Tedarikçilerin Kurumsal Sürdürülebilirlik Yaklaşımına Uyumu Nasıl Sağlanır: Etik Gelişim ve Kurumsal Eşbiçimlilik Arasındaki Bağlantının Keşfedilmesi" başlıklı tezin araştırması kapsamında uygulanması planlanan anket çalışmasına ilişkin Etik Komisyonu onay talebinin görüşülmesi.

GÖRÜŞME ve KARAR:

Yaşar Üniversitesi Etik Komisyonu 22.02.2019 Cuma günü, saat 14:00'te Prof. Dr. Mehmet Cemali DİNÇER başkanlığında ve üyelerin katılımlarıyla toplanmış, gündem maddesi değerlendirilmiş, aşağıdaki karar alınmıştır.

KARAR 4:

Yaşar Üniversitesi Sosyal Bilimler Enstitüsünün 20.02.2019 tarihli ve 1929 sayılı yazısı ile sunulan; İşletme İngilizce Doktora Programı öğrencisi 14300009037 No.lu Narin BEKKİ'nin yürütmekte olduğu "Tedarikçilerin Kurumsal Sürdürülebilirlik Yaklaşımına Uyumu Nasıl Sağlanır: Etik Gelişim ve Kurumsal Eşbiçimlilik Arasındaki Bağlantının Keşfedilmesi" başlıklı tezin araştırması kapsamında uygulanması planlanan anket çalışmasının uygunluğuna oy birliği ile karar verildi.

T.C.
YAŞAR ÜNİVERSİTESİ
ETİK KOMİSYONU

ASLI GİBİDİR
T.C.
Ata TÜRKFİDANI
Yazı İşleri Müdürü

Toplantı Tarihi: 22.02.2019 *2018-2019 Akademik Yılı Toplantı Sayısı: 8*

Prof.Dr. Mehmet Cemali DİNÇER	Başkan	
Prof.Dr. Levent KANDİLLER	Üye	
Prof.Dr. Ali Nazım SÖZER	Üye	
Prof.Dr. Arslan ÖRNEK	Üye	izinli
Prof.Dr. Aylin GÜNEY	Üye	izinli
Prof.Dr. Ali Timur DEMİRBAŞ	Üye	
Prof.Dr. M. Erol SEZER	Üye	
Prof.Dr. Şefik GÜNGÖR	Üye	
Prof.Dr. Emre ÖZGEN	Üye	
Av. Serkan AYAN	Üye	

APPENDIX B[6]

Interview Questions	
COMPANY PROFILE	
When was your company founded?	
How many employees are currently employed at your company (administrative staff and worker)?	
What is the your total sales revenue from domestic **and foreing market** in 2017? What percentage of your revenue does come from foreign market?	(Grimm et al.2016:1982-3)
How many buyer companies have you supplied product in total by year 2017? How many countries and continents do these buyer companies operate their activities?	(Grimm et al. 2016: 1982-3)
What percentage of your total production amount have you supplied to the buyer company you the most intensely work with by year 2017?	
How long have you been working as a supplier of the buyer firm?	
What is your growth rate in terms of turnover and quantitative in the last 1, 3 and 5 years?	
SUPPLY CHAIN STRUCTURE	
**Please answer the questions below by considering the company the most intensely work with*	
How many first-tier suppliers does the buyer firm have? How many of them are located in Turkey? Are there any other suppliers of the buyer firm in this organized industrial zone?	
Do you have any supplier (sub-supplier of the buyer firm-Tier 2)?	(Grimm et al. 2016: 1982-3)
Do you directly contact with the other suppliers of the buyer firm? Do you follow their best-practices? Do you follow the sustainability practices of companies operating as a supplier of another buyer firm in the same sector?	(Grimm et al. 2016: 1982-3)
Is there any classification among suppliers of the buyer firm (i.e., gold, silver, and other)? What is the rationale behind? Do you think that this classification is beneficial?	
How would you evaluate trust and power relationships with your buyer firm?	
SUSTAINABILITY ISSUES	
What are the supplier selection criteria of the buyer firm? Are there any specific criteria for sustainability and social responsibility? If so, to what extent has it been compelling for you to comply with the criteria? How have they been ascertained that you comply with the criteria?	(Grimm et al. 2016: 1982-3)
How important do you think that applying sustainable strategies is vital to remain competitive in the market?	
What sort of innovative approaches, ideas, products and processes do you develop to integrate sustainable strategies along the supply chain?	
What are the major social and environmental sustainability issues your firm is confronting within the supply chain?	(Grimm et al. 2016: 1982-3)
SUSTAINABILITY REQUIREMENTS	
What are environmental and social requirements (corporate sustainability standards) of the buyer firm? Are they written down? How are they termed? Could we get documents concerning the required conditions?	(Grimm et al. 2016: 1982-3)
How does the buyer firm communicate about the requirements with its suppliers?	(Grimm et al. 2016: 1982-

[6] The questions written in bold were adapted from the study of Grimm et al. (2016).

Are there any frequent updates and changes on these requirements? How well you are informed about these updates? **How does the buyer firm ensure that these requirements are correctly interpreted by you (its suppliers)?** What sort of methods are used in order to assist you as suppliers?	3)
Do you think that these requirements are measurable, verifiable and applicable?	(Grimm et al. 2016: 1982-3)
To what extent does the buyer firm expect you to comply with the corporate sustainability standards?	
What is the cost of non-compliance with these conditions? Are you subject to a gradual system such as warning, decrease in order, terminate relations or does the buyer firm directly terminate relations?	
Are there any sanctions imposed on you if deviations from the corporate sustainability standards are detected? What are these sanctions? Do you think that these sanctions are deterrent?	
Is there an incentive mechanism if you fully comply with the corporate sustainability standards? Do you think that this incentive mechanism is effective?	
SUPPLIER MANAGEMENT APPROACHES	
What kind of activities does the buyer company carry out with you in compliance with corporate sustainability standards? (audit, training, communication, risk management, performance management, etc.)	(Grimm et al. 2016: 1982-3)
"Supplier assessment and supplier collaboration are two dimensions of supplier management practices, which contribute to ensure suppliers' compliance with CSS. In this regard, how does the buyer control that you comply with corporate sustainability standards (for example, are there any site visits and audits and if yes, how many times they visit or audit in a year? Do they request any information or document and how often are they requested?"	(Grimm et al. 2016: 1972)
Does the buyer firm require formal proofs by signed codes of conduct or certifications, e.g. ISO14001 or SA8000 that indicate that you comply with certain sustainability standards?	(Grimm et al. 2016: 1972-3)
Do you use sustainability labels on products? Why do you use these labels? Are these labels the buyer firm's request?	(Grimm et al. 2016: 1977)
Are there any additional business partners (e.g., auditing firms) involved to drive your compliance? If so, why do they need a third party involvement? What are their roles and power of sanction? What do you think about how the third party affects the communication between you and the buyer?	(Grimm et al. 2016: 1982-3)
Is the buyer firm working together with other firms to ensure compliance with corporate sustainability standards (e.g., bilaterally with an industry fellow or industry initiative)?	(Grimm et al. 2016: 1982-3)
What capability building activities does the buyer firm initiate for you (its suppliers) in terms of social and environmental responsibility (e.g., based on the findings of an on-site assessment)?	(Grimm et al. 2016: 1982-3)
Does the buyer firm train you as a first-tier supplier) to cascade requirements and standards down to your own suppliers (i.e., second-tier suppliers)?	(Grimm et al. 2016: 1982-3)
How does the buyer firm assess the supply chain sustainability risks? Following the risk assessment, how does the buyer firm manage its suppliers by using various approaches?	(Grimm et al. 2016: 1977)

APPENDIX C

	Independent Variables	Adapted Sources
	Based on their corporate sustainability standards, our major customer…	
RAS1	… organizes site visits for monitoring our activities.	Grimm et al. (2016)
RAS2	… conducts announced and unannounced audits.	Grimm et al. (2016)
RAS3	… regularly requests for information and documents about our activities.	Grimm et al. (2016)
RAS4	… requests to ensure the health and safety of our employees completely (fire safety, occupational accidents, etc.).	H&M Code of Conduct
RAS5	… requests the protection of the basic rights of employees (wages, working hours, etc.).	H&M Code of Conduct
RAS6	… requests that employees will not be subject to any discrimination or abuse.	H&M Code of Conduct
POS1	… carries out performance management in order to assess our activities.	Grimm et al. (2016)
POS2	… implements capability building activities in the areas that are identified based on the findings of performance assessment.	Grimm et al. (2016)
POS3	… has a classification system that assesses our performance by comparing it with other suppliers (gold/silver, etc.).	Interview
POS4	… leads us to obtain document/certificate/accreditation on sustainability from independent bodies (SA 8000 etc.).	Interview
POS5	… leads us to obtain labels on sustainability.	Grimm et al., (2016); Turker and Altuntas (2014)
POS6	… leads us to apply cost reduction methods (waste management, energy management, etc.).	Interview
COS1	… builds a long-term/trust-based relationship by using different communication channels.	Turker and Altuntas (2014)
COS2	… communicates with us by considering cultural differences.	Turker and Altuntas (2014)
COS3	… leads us to be innovative in order to improve our sustainability.	Interview
COS4	… supports us to improve our processes (strengthening/reinforcement, assistance, technical support, advice, etc.).	Turker and Altuntas (2014)
COS5	… leads us to assess product life cycle.	Seuring and Müller (2008)
COS6	… transfers their knowledge and know-how to us.	Turker and Altuntas (2014)
	Moderators	**Adapted Sources**
	Based on their corporate sustainability standards, our major customer…	
ID1	… requests to take (potential) environmental risks into consideration that may arise from our activities.	Grimm et al. (2016); Turker and Altuntas (2014)
ID2	… requests to take (potential) social risks into consideration that may arise from our activities.	Grimm et al. (2016); Turker and Altuntas (2014)
ID3	… requests to take (potential) economic risks into consideration that may arise from our activities.	Grimm et al. (2016); Turker and Altuntas (2014)
ID4	… requests to take the risks into consideration that may arise from our country.	Grimm et al. (2016)
ID5	… requests to carry out our activities in compliance with national / local laws and regulations.	H&M Code of Conduct
VC1	Our attachment to this customer is primarily based on the similarity between its ethical values and ours.	Chae et al. (2017)
VC2	The reason we prefer this customer to others is because of what it stands for, its ethical values.	Chae et al. (2017)

VC3	Our company's ethical values and those of this customer become more similar year by year.	Chae et al. (2017)
VC4	We have a similar approach with this customer about the expectations of customers and society from a company.	Adapted from Cullen et al. (1993)
	Dependent Variables	**Adapted Sources**
	Evaluating the statements below by considering the buyer company the most intensely work with.	
RS1	We feel fairly satisfied with our relationship with the buyer company.	Carter (2000)
RS2	We find real enjoyment in dealing with the buyer company.	Carter (2000)
RS3	The relationship that we have with the buyer company is something our company is very committed to.	Chae et al. (2017)
RS4	The relationship that we have with the buyer company is something our company intends to maintain indefinitely.	Chae et al. (2017)
RS5	The relationship that we have with the buyer company deserves our company's effort to maintain.	Chae et al. (2017)
	As a result of our business relationship with this customer ...	
SP1	… there have been improvements in the organization and management of sustainability practices.	Anni-Kaisa Kähkönen, Katrina Lintukangas and Jukka Hallikas (2018)
SP2	...the scope of sustainability practices has expanded (e.g., covering all areas and employees).	Anni-Kaisa Kähkönen, Katrina Lintukangas and Jukka Hallikas (2018)
SP3	… the control and reporting of sustainability issues have begun or improved.	Anni-Kaisa Kähkönen, Katrina Lintukangas and Jukka Hallikas (2018)
SP4	… we started to act according to a sustainability strategy/vision or our commitment to sustainability strategy/vision has increased.	Anni-Kaisa Kähkönen, Katrina Lintukangas and Jukka Hallikas (2018)
SP5	… the effects of sustainable actions have begun to be seen or improved in the results of the business (e.g., cleaner production, cleaner products, etc.).	Anni-Kaisa Kähkönen, Katrina Lintukangas and Jukka Hallikas (2018)
SP6	… our company has started or developed innovations and experiments related to sustainability.	Anni-Kaisa Kähkönen, Katrina Lintukangas and Jukka Hallikas (2018)
SP7	… our communication with our stakeholders about our sustainability values has improved.	Anni-Kaisa Kähkönen, Katrina Lintukangas and Jukka Hallikas (2018)

APPENDIX D

Supplier	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5	Supplier 6	Supplier 7	Supplier 8	Supplier 9
Industry	Textile-1	Textile-2	Textile-3	Furniture-1	Furniture-2	Furniture-3	Automotive-1	Automotive-2	Automotive-3
Location	Denizli Organized Industrial Zone	İzmir Atatürk Organized Industrial Zone	İzmir Atatürk Organized Industrial Zone	Balıkesir Organized Industrial Zone	Denizli	Akhisar Organized Industrial Zone	Balıkesir Organized Industrial Zone	İzmir Atatürk Organized Industrial Zone	İzmir Atatürk Organized Industrial Zone
Activity (how company defines itself)	manufacturing the high quality garment products based on the expectations of market and customers	a manufacturing company of leading brands in the textile sector	one of the biggest ten apparel company in Turkey	the manufacture of decorative natural wooden veneers from high-quality hardwoods	largest solid wood furniture manufacturer in Turkey	Europe's largest manufacturer of audiovisual furniture	operates in the sector of agricultural equipment, manufacturing tractor and heavy construction vehicle security cabins	one of the leading wheel manufacturers of the world in the sector of "Light Metal Alloy Wheel"	a global supplier to original equipment manufacturers for the transportation and industrial sectors
Founding year	1998	1993	2004	2000	1974	2004	1978	1980	1950
Employees	210 (60 white-collar and 150 blue-collar)	250 (170 white-collar and 80 blue-collor)	1600 (200 white-collar and 1400 blue-collar)	175 (7 white-colar and 168 blue-collar)	304 (28 white-collar and 264 blue-collar)	110 (30 white-collar and 80 blue-collar)	1075 (156 white-collar ve 919 blue-collar)	3239 (655 white-collar and 2584 blue-collar)	450 (120 white-collar and ve 330 blue-collar)
Sales in 2017	35 million $	57.589.324 €	55 million €	43.500.000₺.	46.486.276₺.	not shared	145 million $/550.000.000 ₺ (2017)	370 milyon €	not shared
Revenue from foreign market /Export rate	95%	100%	100%	100%	99%	65%	40%	85%	95%
Number of buyer companies to supplied product in total by year 2017	4	5	8	24	9	N/A	22	21 (brands)	40
Number of countries and continents in which buyer companies	Sweden, Spain, UK	Spain, Sweden	N/A	America, North America, Europe and Asia	3 continents (Europe, Asia, Australia) 4 countries (England, Australia, Israel, Turkey)	operate in 70 countries, mainly Germany,	America, Mexico, Argentina, Brazil, India, Japan, Austria,	N/A	operate in 16 countries ve 4 continents

operate their activities						England and France	Italy, Netherlands (4 continents)		
Growth rate in terms of turnover and quantitative in the last 1, 3 and 5 years	N/A	N/A	N/A	2016-2017 : 30% (turnover)	2013: 17 % (turnover) 2014: 15 % (turnover) 2015: 26 % (turnover) 2016: -1 % (turnover) 2017: - 16 % (turnover)	N/A	each year 10% (quantitative)	N/A	2013: 12 % (turnover) 2014: -6 % (turnover) 2015: -4 % (turnover) 2016: 2 % (turnover) 2017: 26 % (turnover)
Buyer	„Swedish multinational retail-clothing company" (Buyer company, 2019)	„One of the world's largest fashion retailers in Spain" ((Buyer company, 2019)	„One of the most enduring and pioneering retailers in global apparel – a leading retail fashion business" (Buyer company, 2019)	„Swedish multinational furniture retailer" (Buyer company, 2019)	„A leading British retailer in food, clothing and homeware" (Buyer company, 2019)	„A reference in the furniture, decoration and etc. markets with its large product portfolio and unique internation al brands" (Buyer company, 2019)	„A global leader in capital goods that implements design, manufacturing, distribution, commercial and financial activities in international markets" (Buyer company, 2019)	„One of the world"s leading automobile manufacturers and the largest carmaker in Europe" (Buyer company, 2019)	„A leading global supplier of electronic, mechanical, electro-mechanical and aerodynamic products for the world"s major manufacturers of commercial trucks, buses and trailers, as well as passenger cars" (Buyer company, 2019)
Number of Interviewee(s)	2	3	2	3	2	2	2	3	2
The Interviewed person and details	1. Sustainability Manager at the Sustainability Department for 3 years (28 years-old woman) 2. Sustainability Specialist at	1. Company Owner (60 years old man) 2. Human Resource and Code of Conduct Manager for 5 years (35 years-old	1. Human Resources Manager for 6 years and Sustainabilit y Manager for 1 year (30 years-old man) 2. Sustainabilit	1. Company Partner (45 years old man) 2. Company Partner (40 years old woman) 3. Export Manager for 16 years (40	1. Business Development and Marketing Manager for 15 years (40 years old woman) 2. Purchasing and Import Manager for 15 years (40 years old woman)	1. Factory Manager for 9 years (man) 2. Planning Manager for 4 years (woman)	1. Vice President of the Executive Board / Vice General Manager of Production Department (40 years old man) 2. Production	1. Foreign Trade and Customs Manager for 3.5 months (36 years old man) 2. Production Planning Manager for 4 years (43 years old man) 3. Customer Relations Manager for VW for 5 years (33 years old woman)	1. Quality Manager for 7 years (man) 2. Quality Engineer for 2 years (man)

	the Sustainability Department for 1 years (30 years-old man)	woman) 3. Social Compliance Specialist for 1 year (32 years-old woman)	y Specialist for less than 1 year (32 years-old woman)	years old woman)			Manager for 10 years (35 years old man)		
Number of sup-suppliers	7 supplier units	3 supplier units	N/A (for this brand)	N/A	1	N/A	400	Yes/ No number	Yes/ No number
Code of Conduct (supplier)	Code of Conduct	policies developed independent from the buyer and balanced scorecard for each sub-supplier	Code of Conduct under the title of 'social compliance policies' (developed before the request of the buyer)	Disciplinary code and procedure (developed upon the request of buyer)	N/A (no request from buyer) - SEDEX Reports	Ethical code of conduct and codes of practice (independent from buyer)	code of conduct	Code of Conduct (independent from buyer)	Ethical policies/principles (developed in line with ISO 16949) Environmental policies (shared)
Requested sustainability standards	Minimum Requirements of Buyer / Other buyers: SEDEX, Business Social Compliance Initiative (BSCI)	a signed contract between supplier and buyer which includes the Code of Conduct for Manufacturers and Suppliers	Business Social Compliance Initiative (BSCI), SMETA and Code of Conduct	Minimum Requirements of Buyer for Environment and Social & Working Conditions when Purchasing Products, Materials and Services Independent of buyer's request: ISO 9001	SEDEX , Furniture Industry Sustainability Programme (FISP), European Union Timber Regulation (EUTR) Independent of buyer's request: Forest Stewardship Council (FSC), ISO 9001, 14001, 18001	ISO 9001	ISO9000, Supplier Code of Conduct and conflict materials (environmental)	VDA 6.3 - Product Standard (auditing), ISO 16949 (Automotive Quality Management System), ISO 27001 (Information Security Management System)	ISO 16949, ISO 14001
Requested sustainability labels	No	Yes (based on the request of the buyer	No	No	No	No (only recycling labels on the	Yes	No	No

		such as join life)				packaging)			
Collected documents (Supplier)	Sustainability Report (updates on the website) Minumum Requirements	no shared document	no shared document	Audit Report (Checklist) Forest Tracing Questionnaire	no shared document	Ethical code of conduct and codes of practice	no shared document	Annual Report-2013 Sustainability Report-2017 Code of Business Ethics	Ethical policies/principles Environmental policies
The length of relationship with buyer	20 years	10 years	3 years	8 years	15 years	3 years	14 years	8 years	7 years
Intensity of production supplied to the buyer	90%	41%	15%	10%	65%	5%	20%	12.5%	20%
Sustainability Department (Yes/No)	Yes	No	No	No	No	No	No	Sustainability Committee	No
Sustainability Specialist (Yes/No)	Yes	Yes	Yes	No	No	No	No	No	No
Sustainability Report (Yes/No)	Yes	No	No	No	No	No	No	Yes	No
Code of conduct (Yes/No)	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes
Classification among suppliers of the buyer	Yes (gold, sliver, other)	Yes (A,B,C, D: subject to the CAP-Corrective Action Plan)	Yes (A, B, C, D, E: rating 0)	Yes (A, B, C) -quality and product supply quantity	No in general (company as the golden supplier in delivery)	No idea	selective, middle and bad supplier	A, B and C (logistics, order management, sales-project and quality)	No (only consider parts per million and delivery performance
Supplier selection criteria of the buyer	Minimum Requirements (30 criteria)	Transparency and Social compliance criteria	Minumum requirements (4 criteria at first: legal building permit, fire licence, legal work permit and single-	Minimum Requirements for Environment and Social & Working Conditions when Purchasing Products,	SEDEX, FISP, EUTR Terms&Conditions between buyer and supplier	Continuity between the produced parties and sustainability of the standard in the quality of products	certification in the related sector, ISO9000, Supplier Code of Conduct and conflict materials (environmental)	product and quality improvement for German customers at first	General criteria: Competitive price policies, continuous improvement approach, meeting quality and technical expectations, fulfillment of

			tenant building - shared	Materials and Services (must requrements and general conditions)- shared					environment and occupational health and safety expectations and regulations. Specific criteria: ISO 16949, IATF.
Communication about the requirements with suppliers	between sustainability manager of supplier and sustainability developer of buyer	between sustainabilit y compliance specialist of supplier and head office Istanbul of buyer	between sustainability manager of supplier and sustainability director of buyer in Istanbul head office	between export manager of supplier and purchase manager of buyer	directly with the headquarter	between sale manager of supplier and purchasing manager of buyer	online portal	Customer Relations Manager (supplier)	Supplier Manuel Supplier portal of buyer Directly contact with Germany and Poland plant for production and quality process Contact with Istanbul head office for purchasing
Istanbul office/headquar ter (buyer)	Yes	Yes	Yes	Yes	Yes (but directly work with the headquarter)	No	N/A	N/A	Yes
Activities carried out to comply with CSS	announced and unannounced audit, training, communicatio n	(intensive) announced and unannounce d audit, limited training, communicat ion, (tacit) risk managemen t and performanc e managemen t (through orders)	announced audit (first audit for 4 criteria) and unannounced audits (rest of them), regular trainings, communicati on	announced and unannounced audit (biennially), training, communicati on	annual audit (through accredited institutions), training (Istanbul office), communication (e-mail), risk management (for FISP, EUTR) and performance management (quality and delivery)	audit (only Istanbul office of supplier)	audit (applicable documentation and conduct onsite audits), training, communicatio n (through portal)	announced and unannounced (it is written) audit, training, communication, risk management and performance management	announced audits (one a year) and onsite visits (four times in a year), trainings to white-collar (Istanbul office), communication (supplier portal), risk management (customer complaints, technical issues and so on) and performance management (parts per million and delivery)

Audits	own audits (buyer)	own audits (buyer) and third-party auditors	own audits (buyer)	own audits (buyer)	own audits for quality of products and third-party auditors	own audits (buyer)	own audits (buyer)	own audits (logistics, products, quality) and third-party auditors (related to the information security issues)	own audits (buyer)
Additional business partners	No	Yes (Third-party auditors)	No	No	Yes (Third-party auditors)	No	Yes (Third-party auditors)	Yes (Third-party auditors)	No
Buyer in an industry initiative	Yes (The Higg Index developed by the Sustainable Apparel Coalition)	Yes (ILO and IndustriALL for social dialogue - unionization project)	No idea	No idea	No idea	No idea	No idea	International Automotive Task Force - The IATF is an "ad hoc" group of automotive manufacturers and their respective trade associations, formed to provide improved quality products to automotive customers worldwide. (https://www.iatfglobaloversight.org/)	IATF and VDA
Training on the second-tier suppliers	Yes	Yes	No	No	Yes	No	Yes	No	No
Financial budget on sustainability	No (based on projects)	No	No	No (based on needs)	No (based on needs)	No	N/A	1/10.000	1%
Assigned person by buyer firm	sustainability developer	Istanbul head office	sustainability director	purchase manager (foreigner)	N/A	purchasing manager	N/A	N/A	customer representative

APPENDIX E

Figure 1. Consistent PLS Algorithm for Confirmatory Factor Analysis

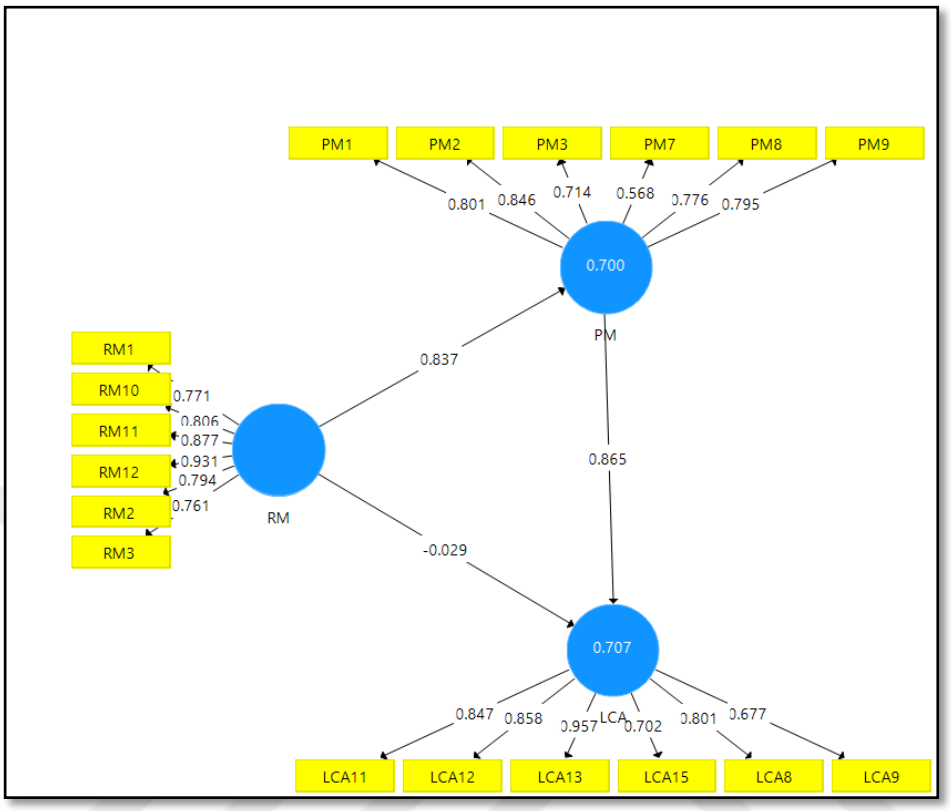


Figure 2. Consistent PLS Bootstrapping for Confirmatory Factor Analysis

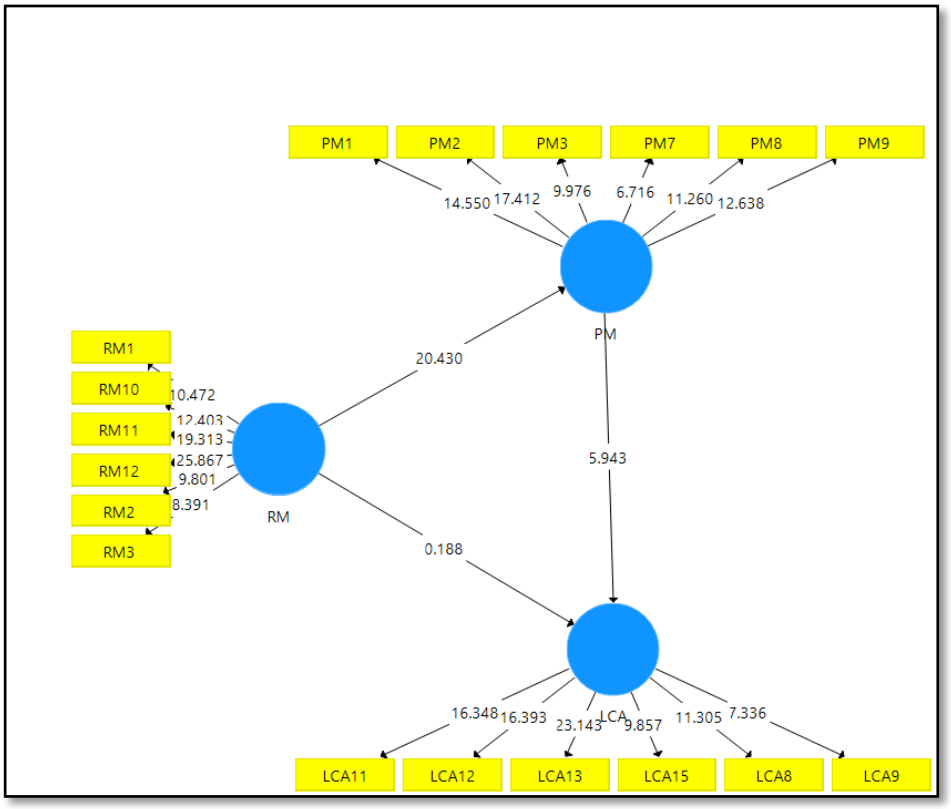


Figure 3. Path Model for Relationship Satisfaction

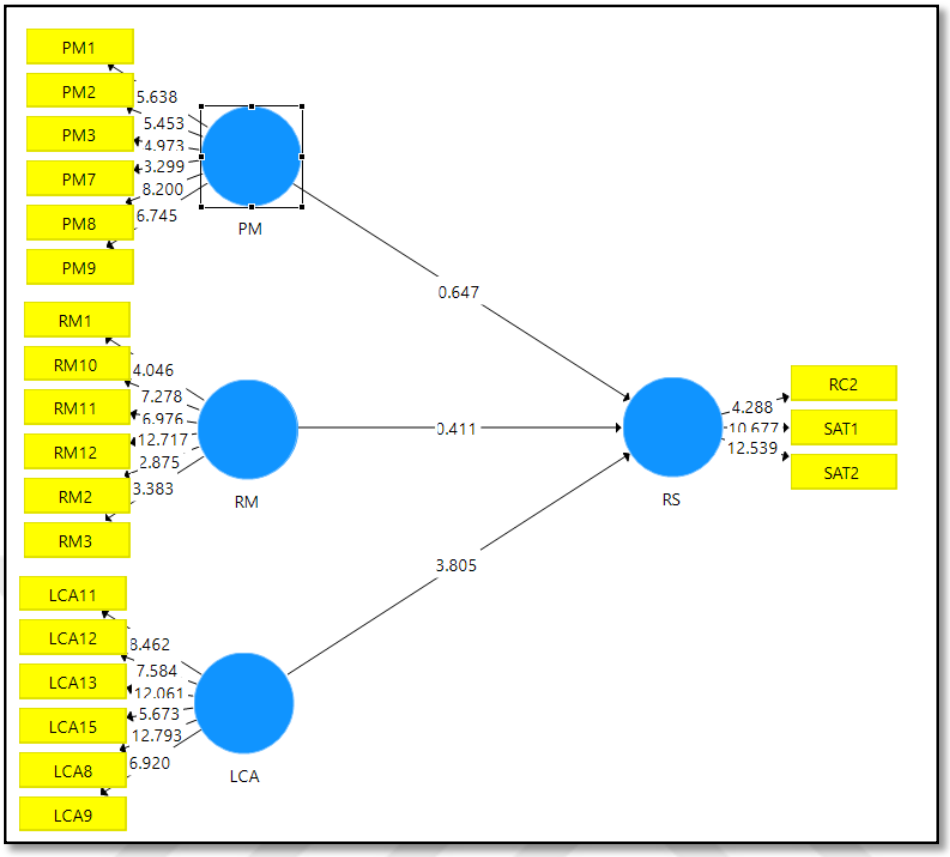


Figure 4. Path Model for Sustainability Performance

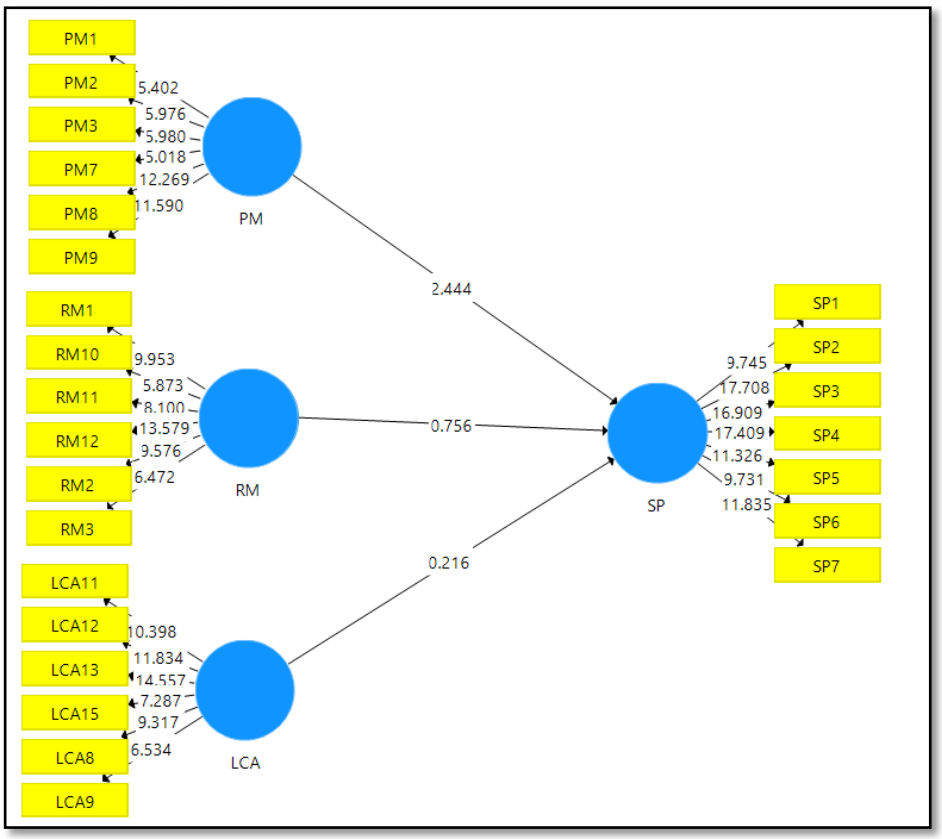


Figure 5. Model Fit for Relationship Satisfaction

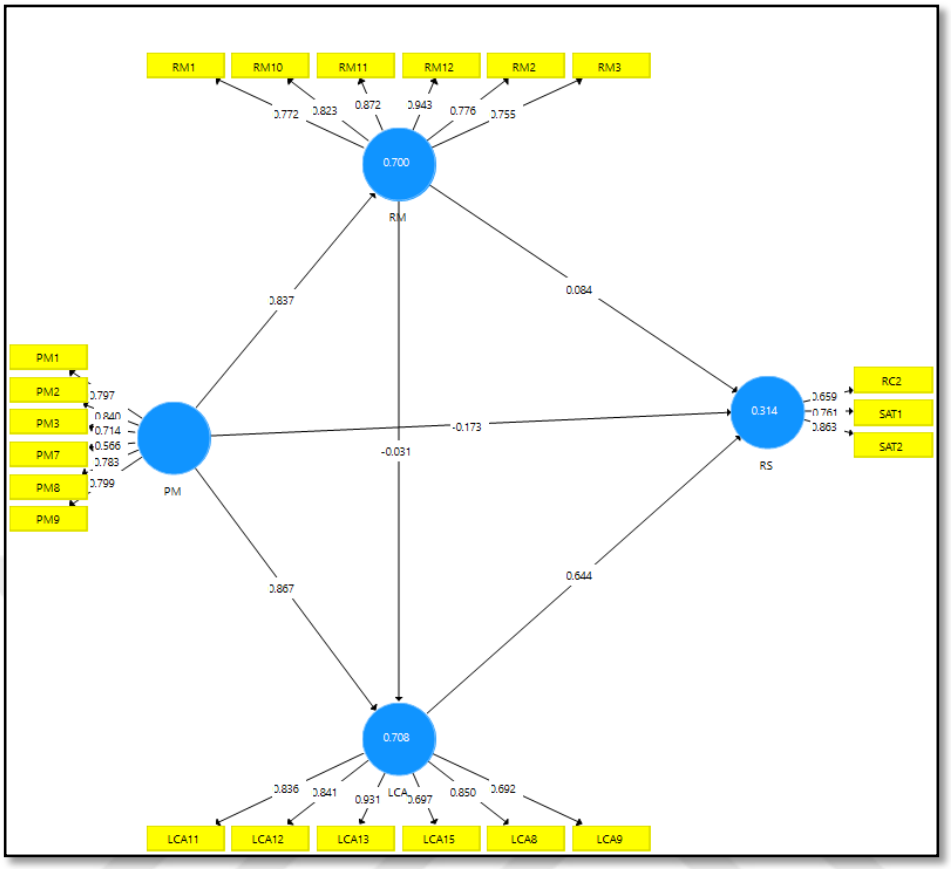


Figure 6. Model Fit for Sustainability Performance

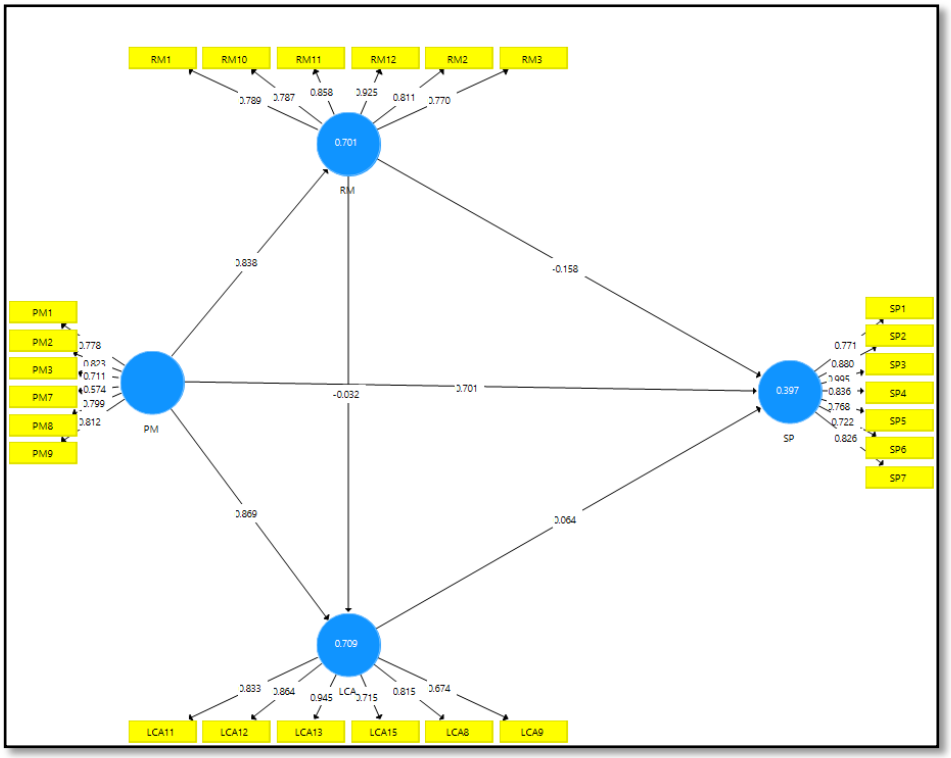


Figure 7. Moderating effect of ID between risk avoidance-oriented strategy and SP

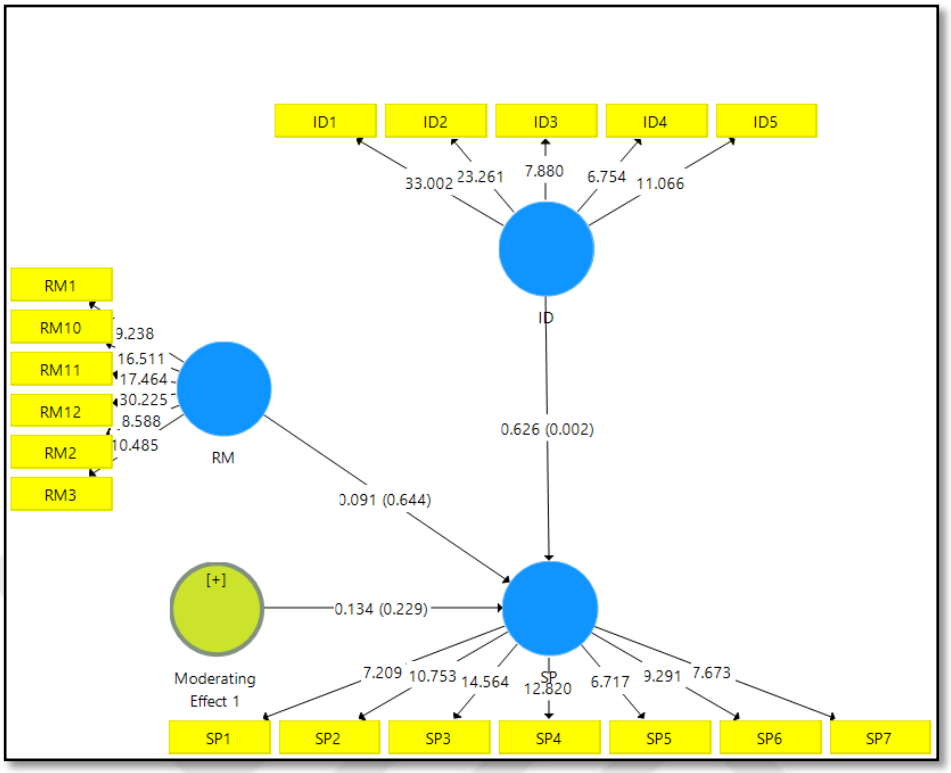


Figure 8. Moderating effect of ID between collaboration-oriented strategy and SP

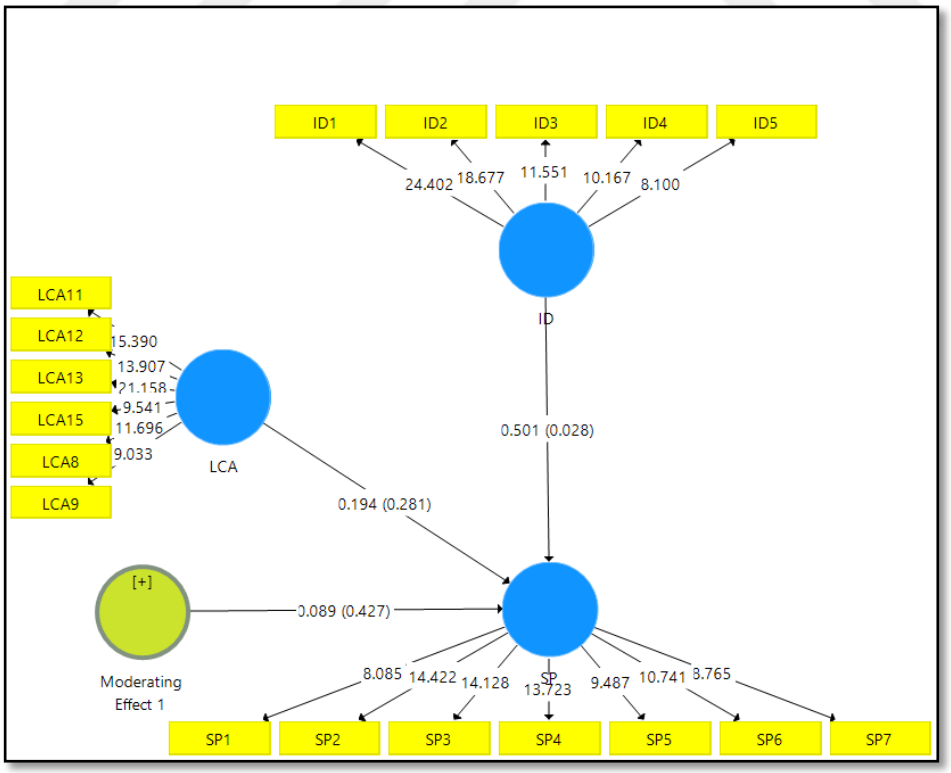


Figure 9. Moderating effect of VC between performance-oriented strategy and RS

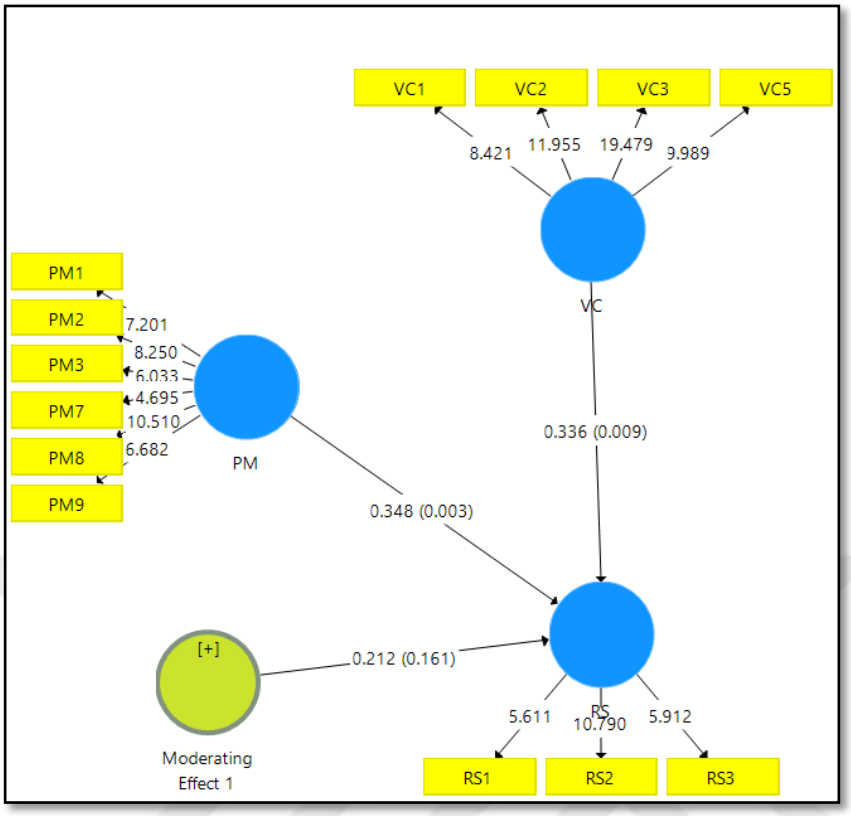


Figure 10. Moderating effect of VC between risk avoidance-oriented strategy and RS

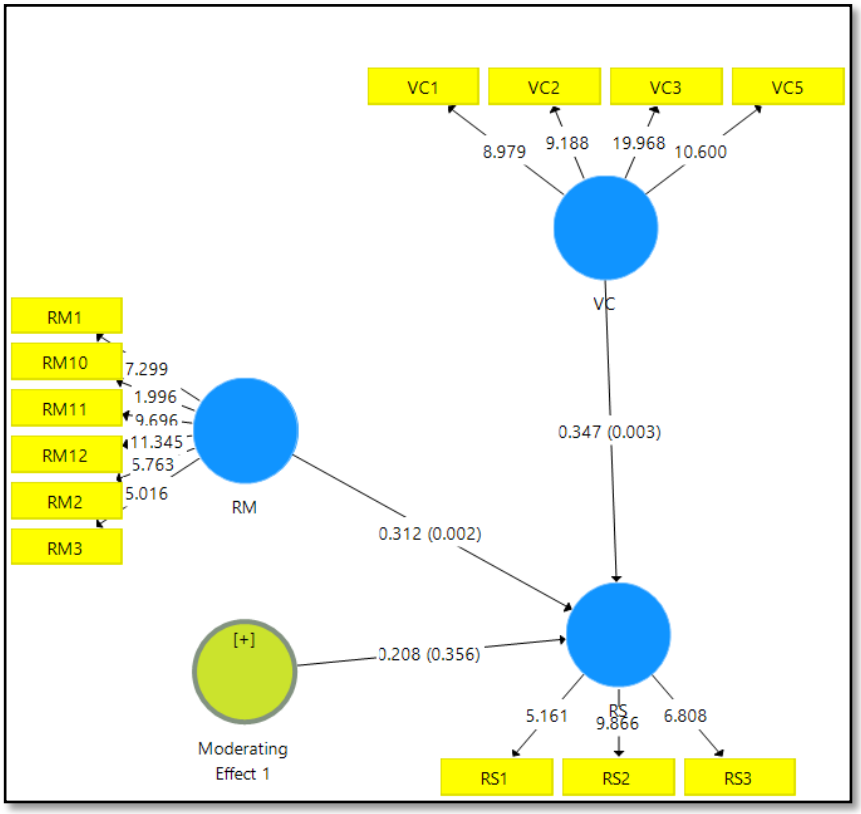


Figure 11. Moderating effect of VC between collaboration-oriented strategy and RS

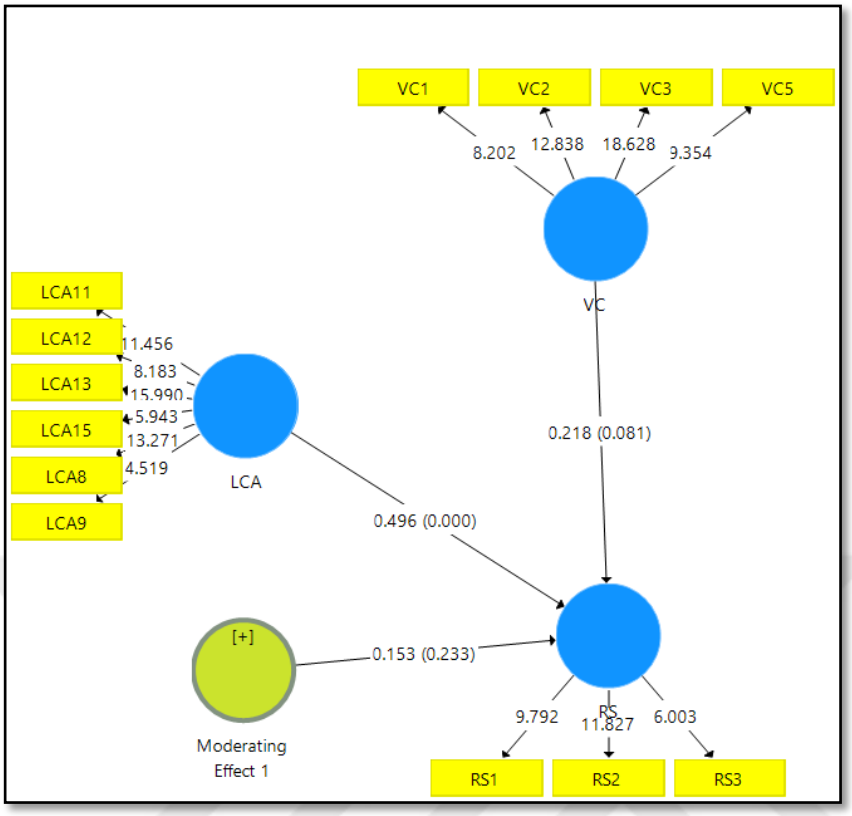


Figure 12. Moderating effect of VC between performance-oriented strategy and SP

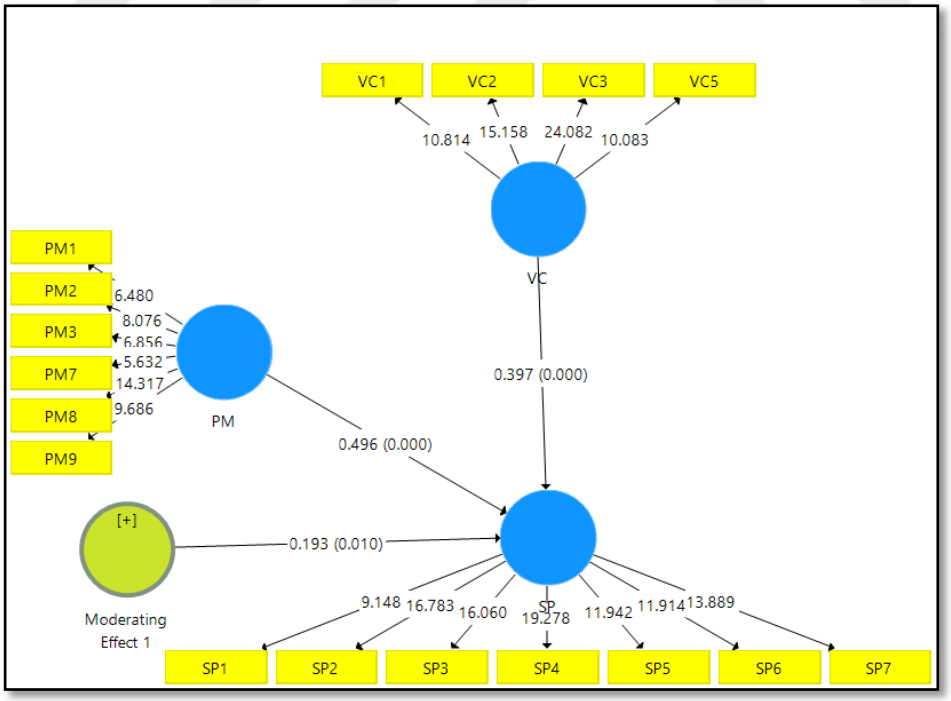


Figure 13. Moderating effect of VC between risk avoidance-oriented strategy and SP

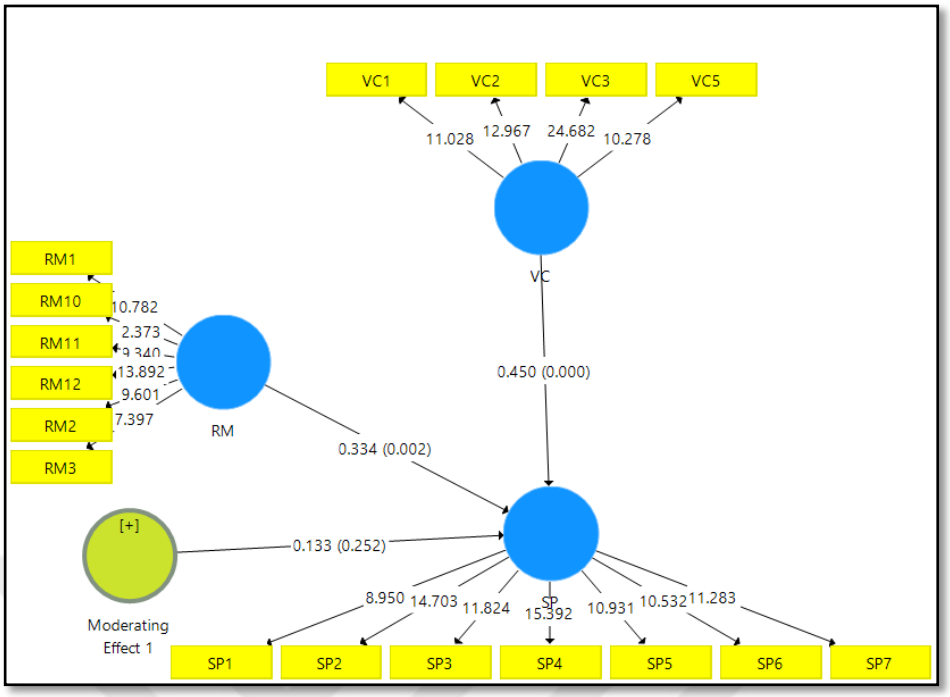
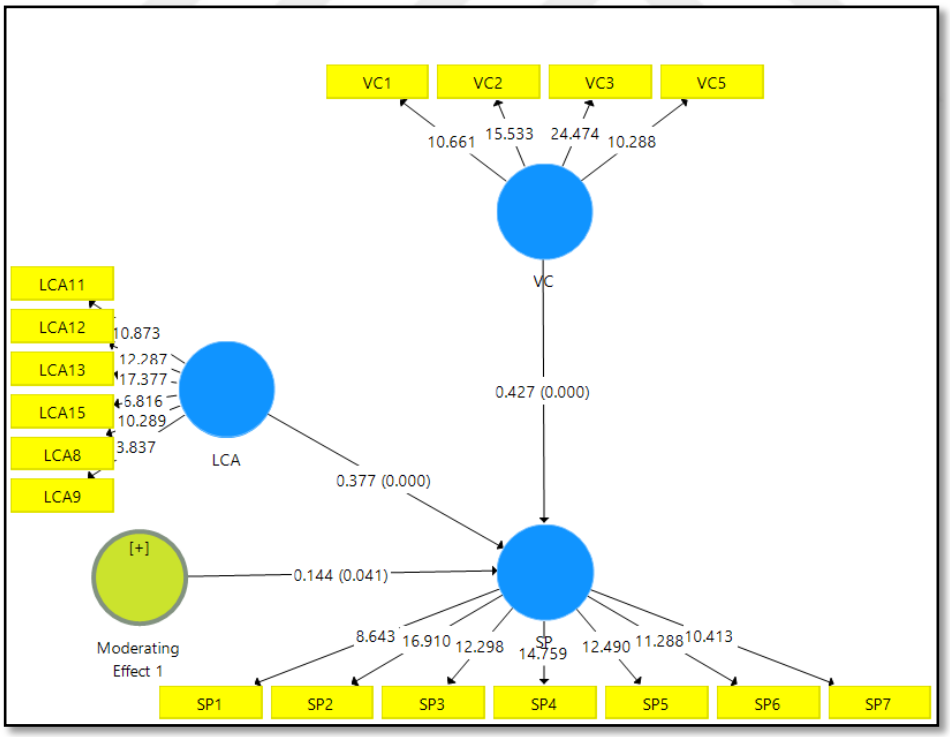


Figure 14. Moderating effect of VC between collaboration-oriented strategy and SP



In the figures in Appendix E:

PM is used for performance-oriented strategy

RM is used for risk avoidance-oriented strategy

LCA is used for collaboration-oriented strategy

APPENDIX F

Table 1: T-test for nonresponse bias

Group Statistics

	earlylate3	N	Mean	Std. Deviation	Std. Error Mean
cv1	1,00	56	2,9821	,98148	,13116
	2,00	75	3,1733	,90604	,10462
cv2	1,00	54	25,4630	18,62309	2,53428
	2,00	73	33,3425	27,05099	3,16608
cv3	1,00	56	3,0714	2,18970	,29261
	2,00	75	3,1067	1,99712	,23061
cv4*	1,00	53	**2,4151**	1,21582	,16701
	2,00	73	**2,8904**	1,17333	,13733
cv5	1,00	48	1,1458	,35667	,05148
	2,00	69	1,1739	,38181	,04596
cv6	1,00	55	1,4364	,50050	,06749
	2,00	72	1,4722	,50273	,05925
cv7	1,00	53	2,3019	1,10218	,15140
	2,00	72	2,0417	1,16809	,13766
cv8	1,00	54	1,4259	,49913	,06792
	2,00	73	1,4521	,50114	,05865
SPmean	1,00	56	5,5842	1,14489	,15299
	2,00	75	5,4438	1,14589	,13232
RSmean	1,00	56	6,1786	,70486	,09419
	2,00	75	6,0089	,86814	,10024
VCmean	1,00	56	5,2277	1,43517	,19178
	2,00	75	5,0700	1,39713	,16133
IDmean	1,00	56	5,4179	1,47280	,19681
	2,00	75	5,3333	1,51044	,17441
RMmean	1,00	56	5,4524	1,63661	,21870
	2,00	75	5,6511	1,51027	,17439
PMmean	1,00	56	5,0685	1,65138	,22067
	2,00	75	4,8667	1,52949	,17661
LCAmean	1,00	56	4,8065	1,77661	,23741
	2,00	75	4,9556	1,44684	,16707

In the figures in Appendix F:

PM is used for performance-oriented strategy

RM is used for risk avoidance-oriented strategy

LCA is used for collaboration-oriented strategy

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
cv1	Equal variances assumed	,070	,792	-1,153	129	,251	-,19119	,16583	-,51928	,13690
	Equal variances not assumed			-1,140	113,197	,257	-,19119	,16777	-,52357	,14119
cv2	Equal variances assumed	2,955	,088	-1,841	125	,068	-7,87950	4,27982	-16,34979	,59079
	Equal variances not assumed			-1,943	124,429	,054	-7,87950	4,05545	-15,90609	,14709
cv3	Equal variances assumed	2,423	,122	-,096	129	,924	-,03524	,36759	-,76253	,69205
	Equal variances not assumed			-,095	112,331	,925	-,03524	,37256	-,77339	,70292
cv4	Equal variances assumed	1,248	**,266**	-2,211	124	**,029**	-,47532	,21499	-,90084	-,04979
	Equal variances not assumed			-2,198	109,830	,030	-,47532	,21622	-,90382	-,04682
cv5	Equal variances assumed	,658	,419	-,402	115	,689	-,02808	,06987	-,16648	,11032
	Equal variances not assumed			-,407	105,474	,685	-,02808	,06902	-,16492	,10876
cv6	Equal variances assumed	,610	,436	-,399	125	,691	-,03586	,08986	-,21370	,14198
	Equal variances not assumed			-,399	116,624	,690	-,03586	,08980	-,21372	,14200
cv7	Equal variances assumed	,027	,870	1,260	123	,210	,26022	,20645	-,14844	,66888
	Equal variances not assumed			1,272	115,638	,206	,26022	,20462	-,14508	,66552

cv8	Equal variances assumed	,346	,557	-,291	125	,772	-,02613	,08980	-,20385	,15159
	Equal variances not assumed			-,291	114,605	,771	-,02613	,08974	-,20390	,15164
SPmean	Equal variances assumed	,187	,666	,694	129	,489	,14037	,20230	-,25988	,54063
	Equal variances not assumed			,694	118,693	,489	,14037	,20227	-,26016	,54090
RSmean	Equal variances assumed	,690	,408	1,197	129	,233	,16968	,14175	-,11076	,45013
	Equal variances not assumed			1,234	128,053	,220	,16968	,13755	-,10249	,44185
VCmean	Equal variances assumed	,071	,790	,632	129	,529	,15768	,24963	-,33622	,65158
	Equal variances not assumed			,629	116,879	,530	,15768	,25061	-,33865	,65401
IDmean	Equal variances assumed	,278	,599	,320	129	,749	,08452	,26394	-,43769	,60674
	Equal variances not assumed			,321	120,206	,748	,08452	,26297	-,43613	,60518
RMmean	Equal variances assumed	1,457	,230	-,719	129	,474	-,19873	,27646	-,74571	,34825
	Equal variances not assumed			-,710	113,171	,479	-,19873	,27972	-,75289	,35543
PMmean	Equal variances assumed	,611	,436	,722	129	,472	,20179	,27950	-,35121	,75479
	Equal variances not assumed			,714	113,433	,477	,20179	,28265	-,35816	,76173
LCAmean	Equal variances assumed	5,792	,018	-,529	129	,598	-,14901	,28183	-,70662	,40860
	Equal variances not assumed			-,513	104,004	,609	-,14901	,29030	-,72468	,42667

Table 2: Harman˝s single factor test for common method variance

Communalities

	Initial	Extraction
sp1	,808	,334
sp2	,840	,421
sp3	,786	,472
sp4	,812	,404
sp5	,761	,365
sp6	,765	,328
sp7	,759	,427
rs1	,692	,201
rs2	,716	,281
rs3	,528	,193
vc1	,786	,234
vc2	,822	,246
vc3	,888	,355
vc5	,797	,254
rm1	,746	,440
rm2	,760	,448
rm3	,673	,427
ıd1	,888	,682
ıd2	,868	,648
ıd3	,798	,490
ıd4	,719	,453
ıd5	,753	,427
rm10	,866	,453
rm11	,913	,530
rm12	,917	,592
pm1	,804	,535
pm2	,823	,581
pm3	,626	,412
pm7	,642	,315
pm8	,749	,579
pm9	,756	,571
lca8	,755	,515
lca9	,690	,364
lca11	,776	,558
lca12	,807	,531
lca13	,803	,642
lca15	,657	,386

Extraction Method: Principal Axis Factoring.

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	16,626	44,935	44,935	16,097	**43,505**	43,505
2	3,872	10,466	55,401			
3	2,191	5,921	61,322			
4	1,933	5,224	66,546			
5	1,516	4,096	70,642			
6	1,216	3,288	73,929			
7	,960	2,594	76,523			
8	,812	2,196	78,719			
9	,780	2,107	80,825			
10	,669	1,807	82,633			
11	,610	1,650	84,283			
12	,524	1,416	85,698			
13	,482	1,304	87,002			
14	,395	1,068	88,070			
15	,390	1,053	89,123			
16	,369	,996	90,120			
17	,334	,903	91,022			
18	,319	,863	91,886			
19	,303	,818	92,704			
20	,281	,761	93,465			
21	,252	,681	94,146			
22	,240	,648	94,793			
23	,207	,560	95,353			
24	,193	,522	95,875			
25	,191	,515	96,391			
26	,183	,496	96,886			
27	,168	,455	97,342			
28	,163	,440	97,781			
29	,140	,379	98,161			
30	,134	,362	98,523			
31	,108	,292	98,815			
32	,098	,265	99,080			
33	,094	,255	99,335			
34	,080	,217	99,553			
35	,063	,169	99,722			
36	,057	,154	99,876			
37	,046	,124	100,000			

Extraction Method: Principal Axis Factoring.

Table 3: Control Variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,475[a]	,225	,140	1,03729

a. Predictors: (Constant), cv6, cv3, cv4, cv5, cv8, cv1, cv2, cv7

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25,666	9	2,852	2,650	,010[b]
	Residual	88,229	82	1,076		
	Total	113,895	91			

a. **Dependent Variable: SPmean**

b. Predictors: (Constant) cv6, cv3, cv4, cv5, cv8, cv1, cv2, cv7

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,084	,995		4,106	,000
	cv1	,038	,141	,032	,272	,786
	cv2	-,010	,006	-,194	-1,588	,116
	cv3	,028	,062	,052	,444	,658
	cv4	,079	,117	,084	,678	,500
	cv5	,016	,309	,005	,051	,960
	cv6	,455	,264	,204	1,721	,089
	cv7	,244	,123	,249	1,975	,052
	cv8	-,338	,249	-,151	-1,356	,179

a. Dependent Variable: SPmean

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,381[a]	,145	,051	,74160

a. Predictors: (Constant), cv6, cv3, cv4, cv5, cv8, cv1, cv2, cv7

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7,666	9	,852	1,549	,145[b]
	Residual	45,098	82	,550		
	Total	52,763	91			

a. **Dependent Variable: RSmean**

b. Predictors: (Constant), cv6, cv3, cv4, cv5, cv8, cv1, cv2, cv7

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,732	,711		9,465	,000
	cv1	-,159	,101	-,193	-1,575	,119
	cv2	,002	,005	,059	,464	,644
	cv3	-,059	,044	-,163	-1,335	,186
	cv4	-,003	,084	-,004	-,033	,973
	cv5	-,116	,221	-,055	-,524	,602
	cv6	,016	,189	,011	,087	,931
	cv7	,126	,088	,189	1,426	,158
	cv8	-,251	,178	-,165	-1,411	,162

a. Dependent Variable: RSmean

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Personal Information

Gender	Female
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Driving License	B

Education

PHD	Yasar University - İzmir Business Administration: 2014 - 2019
Postgraduate	KU Leuven – Belgium Master of European Politics and Policies: 2011 - 2012
University	Izmir University of Economics - İzmir International Relations and EU: 2006 – 2011
University	Izmir University of Economics - İzmir International Trade and Finance: 2008 – 2011 Double Major Programme

Work Experience

Aegean Exporters' Association – İzmir
Assistant Expert: 2016-2017

Municipality of Bornova – İzmir
Cultural Events Responsible: 2013 – 2016

Academic Works

Beger, G. A., Bekki, N., and Sağlam, B. B. (2019). Case studies on sustainability for various fashion brands. In Nayak, R. (Eds.), Supply chain management and logistics in the global fashion sector: The Sustainability Challenge. Routledge. (under review)

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