

**Sustainable Supplier Development within Companies  
as an enabler of sustainable performance**

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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## **Abstract**

The purpose of the research was to attain an understanding of how a formalised Supplier Development program can result in sustainable performance for SMME suppliers. Sustainable performance was evaluated based on the triple bottom line environmental, social and economic sustainability framework. A mono methodology of qualitative research was followed to gather data. Semi-structured interviews were conducted with Suppliers forming part of a supplier development program within a buying firm, and data attained was triangulated with interviews of supplier development executives tasked with the implementation and execution of SD programs. The research found that supplier development through its different initiatives enables the sustainable performance of SMME suppliers. It was found that initiatives such as the implementation of a regulatory framework to enforce compliance with environmental and safety protocols were successful. Environmental sustainability was also enhanced through recycling and the separation of waste management procedures.

Furthermore, the adoption of green and renewable energy, as influenced by the just transition program and the digitalisation of business processes, which took shape post the COVID-19 pandemic, has positively impacted environmental sustainability adoption. It was found that the social aspect of sustainability for suppliers was enhanced through programs of localisation, local training and development of SMME and various employee wellness programs. Economic sustainability is one of the major focuses for most SMME suppliers and was extensively supported through different funding mechanisms, market access programs and operational efficiency measures driven by third-party contributors such as the South African Institute of Chartered Accountants (SAICA) and the Gordon Institute of Business Science (GIBS). Furthermore, a number of initiatives that cut across the three dimensions of sustainable performance were found, including continuous monitoring and evaluation of suppliers, the different training interventions and the creation of an SMME ecosystem that brings multi-dimensional stakeholders to develop suppliers' capability throughout the program. Overall, extensive evidence supports that supplier development programs enable the sustainable performance of suppliers.

## **Keywords**

Enterprise Supplier Development

Small, Medium and Micro Enterprise

Suppliers Development Program

Sustainable Supplier Development

Triple bottom line

## **Declaration**

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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## List of Acronyms

B-BBEE	Broad-Based Black Economic Empowerment
BDF	Buyer Direct Financing
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
ESD	Enterprise Supplier Development
ESG	Environmental, Social and Governance
GDP	Gross Domestic Product
GIBS	Gordon Institute of Business Science
GSCI	Green Supply Chain Integration
HR	Human Resources
KPIs	Key Performance Indicators
MBA	Masters in Business Administration
POF	Purchase Order Financing
PPE	Property, Plant and Equipment
SAICA	South African Institute of Chartered Accountants
SCF	Supply Chain Finance
SCM	Supply Chain Management
SD	Supplier Development
SDGs	Sustainable Development Goals
SEDA	Small Enterprise Development Agency
SHEQ	Safety, Health, Environment, and Quality
SMMEs	Small, Medium and Micro Enterprise
SRSD	Socially Responsible Supplier Development
SSC	Sustainable Supply Chain
SSCM	Sustainable Supply Chain Management
SSD	Sustainable Supplier Development
TBL	Triple Bottom Line
UN	United Nations

# **Chapter 1: Introduction to the Research Problem**

## **1.1 Introduction**

This chapter introduces the research topic of Sustainable Supplier Development (SSD) within companies as an enabler of sustainable performance. The introduction briefly introduces the research problem, purpose, and the need for further studies from both theoretical and commercial/Business views.

## **1.2 Background to the Research Problem**

The success rate of Small, Medium and Micro Enterprises (SMMEs) suppliers in the midst of globalisation and supply chain complexities due to the COVID-19 pandemic, along with other global challenges, has declined over the years. This was asserted by Bushe (2019) when he concluded, as part of his research, that "more than 70% of SMMEs fail within seven years of their birth." Furthermore, the impact of globalisation and elevated sustainability requirements driven by multiple legislations worldwide has driven buying firms (Multinationals) over the edge, with an increased focus on overall sustainability far beyond the confines of the buying entity but over and above first to third-tier suppliers (Baia & Satir, 2022). Laws and regulations to decarbonise the world and limit environmental and social degradation have pressured firms into the incorporation of sustainability principles as part of their strategy (Kumar & Rahman, 2016). SSD encompasses environmental and social goals implemented through supplier selection processes and requirements, supplier training, and health and safety training to create a more socially and environmentally responsible supply chain (Sancha et al., 2015).

According to Statistics South Africa (2023), Small businesses contribute 22% of all turnover generated from the South African formal business economy, constituting over R2.3 trillion in Gross Domestic Product (GDP) terms. With such a huge contribution to the formal economy and the increased pressure of sustainability from major corporations, one cannot ignore the role that SMME suppliers will have to play in order to achieve overall sustainable performance (Triple bottom line [TBL]); this driven through SSD programs.

The areas of social responsibility, environmental and traditional economic requirements of supplier development (SD) have in the past assessed separately, with combined

assessment as part of the TBL gaining some prominence in recent years (Dubey et al., 2017). As globalisation shifts barriers to entry for global suppliers in servicing multiple markets, this brings complexity to supplier relationship management (Rezaei et al., 2016). The area of SSD combining all elements of the TBL and its impact on performance still requires study (Bai & Satir, 2022; Rashidi & Saen, 2018).

There is an overlap of literature between sustainability, SCM, green economy, environmental supply chain and ethical supply chain, amongst others (Dubey et al., 2017). These elements are all different in nature and consequences, and a differential study to create a framework for each is still in progress.

### **1.3 Research Problem**

The research problem is concerned with the overall sustainable performance of SMME suppliers, which encompasses the TBL aspects (Environmental, Social and Economic). The research seeks to understand how a formalised SD program can enhance suppliers' sustainable performance. Supplier selection within SSD, which encompasses the TBL, is a complex process that still requires a detailed study (Rezaei et al., 2016). Traditional supply chains with the incorporation of social and environmental aspects have led to the formation of sustainable supply chain management (SSCM) (Agan et al., 2016). This is further driven by leadership as one of the drivers of sustainability in business (Jia et al., 2018).

The social element within the TBL concept has also, in the past, been neglected with no detailed study of how geographic areas, demographics and the carbon fibre of our communities impact businesses' bottom line with more focus directed to environmental sustainability (Dubey et al., 2017). Jia et al. (2018) from Mani et al. (2016) define "social sustainability as associated primarily with labour conditions, well-being, quality of life, equality, diversity and connectedness, both within and outside the community."

Unlike environmental sustainability, social sustainability is more complex to define and measure due to cultural differences in communities (Jia et al., 2018). Environmental activities within sustainable suppliers' development include water reduction measures, recycling of waste, carbon-savvy material and safe waste disposal (Agan et al., 2016).

The combination of social and environmental sustainability and traditional SD conditions, which focuses on economic sustainability, needs to be studied in combination (TBL). In prior years, the elements of the TBL have been explored in isolation with no extensive detailed combined analysis. In the current business landscape, SMME suppliers significantly contribute to the economy, job creation (Statistics South Africa, 2023) and the overall success of buying firms (Agan et al., 2016). Suppliers ought to meet the requirements of the three sustainable performance dimensions to achieve overall sustainability. There is a need to understand the different initiatives from an SD perspective that can drive the overall performance of suppliers, ultimately leading to macroeconomic benefits for the country and a more competitive buying firm.

## **1.4 Research Objective**

The main purpose of our study is to examine how the different SSD program can lead to sustainable performance from the perspective of suppliers. The research will gain insight from suppliers' lived experiences from participating in a formalised SD program. The research will attain insight into the different initiatives implemented and executed by buying firm to ensure suppliers achieves environmental, social and economic sustainability. The identified initiatives will thus constitute the enablers of the sustainable performance of suppliers. The key objectives of this study are summarised below:

- Initiatives that drive environmental sustainability of Suppliers within a formalised SD program.
- Initiatives that drive Social sustainability of Suppliers within a formalised SD program.
- Initiatives that drive Economic sustainability of Suppliers within a formalised SD program.

The success of the above objectives, in combination, will lead to the overall sustainable performance of suppliers.

## **1.5 Scope of Research**

The research aimed to understand how sustainable supplier development enables sustainable performance for suppliers. The questions posed as per the interview guide were in relation to the aspects of sustainable performance (Environmental, Social and Economic). The scope of the study was limited as per below:



- The research was limited to suppliers within South Africa, forming part of a formalised supplier development program.
- All suppliers in the study were SMMEs and still in the development phase.
- The suppliers were also limited to those belonging to the three-supplier development program selected for the study, of which consent for participation was attained.

## **1.6 Relevance of the Study**

### **1.6.1 Economic Relevance: Economic Growth and Employment Driver**

The South African Economy has been in decline over the past years, only growing at 2% for the year 2022 post-COVID-19 recovery period and experiencing a decline of 1.3% in the fourth Quarter of 2022 (Statistics South Africa, 2023). Small Micro and Medium enterprises (SMME) have been touted as a saviour of this decline and a mechanism to accelerate economic growth and boost employment. The bulk of these SMMEs are regarded as the backbone of the manufacturing and mining industry, which encompasses a large number of sustainability and environmental requirements. On the other hand, unemployment has been on the rise, currently standing at a staggering 37.2% as of Q4 2022 (Statistics South Africa, 2023). SSD, which addresses both environmental and social concerns of communities and the declining economic value due to high failure rates of small businesses, is thus of paramount importance.

The South African Government has in the past tried to stimulate economic growth through measures such as Enterprise Supplier Development (ESD), established as per the Broad-Based Black Economic Empowerment (B-BBEE) code of 1 May 2015, as a mechanism that seeks to stimulate economic progression, create employment opportunities and diversify the supply chain. This further proves the economic importance of supplier and buying firm relationships to alleviate social and economic ills within the South African landscape, which can be achieved through the implementation of the SSD program.

According to the World Bank (2023), SMMEs constitute 90% of world businesses and employ more than 50% of the world workforce. This translates to more than 40% of emerging market GDP, which translates to the creation of 7 out of 10 Jobs, with the trend

expected to increase substantially post-2030. The above statistics from the World Bank further highlight the importance of suppliers and SD programs as a mechanism to alleviate economic imbalances and contribute towards sustainable growth of emerging markets.

In South Africa, more than 34% of GDP is contributed by SMMEs, with an employment rate of 50-60% of the country's workforce. The SMME growth, however, has been stagnant over the past few years, with only an increase of 14% in new business formation over the nine years ranging from 2008 to 2017 (International Finance Corporation [IFC], 2018). This trend is thus worrying, necessitating urgent and decisive measures from both the side of government and corporate businesses to capacitate small businesses ("suppliers") to achieve sustainable performance. A sustainable supplier performance will ultimately lead to job creation and increased economic growth through its contribution to the GDP.

### 1.6.2 Business Relevance: Environmental, Social and Governance Framework

There has been increased pressure for corporations to adopt the Environmental, Social and Governance (ESG) Framework used to measure and assess an entity's risk and compliance with ethical, social and sustainability elements (Green Business Bureau, 2023). This framework, which has gained prominence over the years, has paved the way for multinationals to impose additional requirements on their suppliers and overall stakeholders to ensure broader sustainability and performance. This is addressed through 3 core pillars as per Figure 1.1 below.



**Figure 1.1: Three Pillars of Environmental, Social and Governance Framework**

Source: <https://www.techtarget.com>.

The 2030 Agenda for Sustainable Developmental Goals further supports the above assertion with its agenda for the planet, people and prosperity to co-exist. The 2030 goals seek to preserve the climate as one of its 17 Sustainable Development Goals (SDGs), which is closely linked to environmental sustainability under SSD (United Nations, 2015).

SMME Suppliers are still lagging behind when it comes to ESG compliance, which poses a risk to the sustainability of multinationals who are expected to drive sustainability up and beyond their own confines. A program to train and support suppliers to adhere and comply with ESG requirements while still meeting their economic needs is thus pivotal, supporting this study's relevancy.

### **1.6.3 Regulatory Relevance: Laws and Regulations Requirements**

ESD has been legislated under the B-BBEE Act as one of the key elements of the code. The ESD component under B-BBEE is a legal prescription aiming to transform procurement supply chain processes, improve the economic probabilities of black-owned companies, and create jobs for the majority of South Africans. Failure to adhere to the B-BBEE code has severe consequences for organisations, with those in contravention liable to pay up to 10% of their turnover or face possible jail terms of up to 10 years (B-BBEE Commission, 2013).

These legal prescriptions make it a must for multinationals, amongst others, to comply, thus the importance of entities in the establishment of SSD programs to achieve the TBL (Economic, Social and Environmental).

## **1.7 Theoretical Motivation**

### **1.7.1 Sustainability**

There are four sustainability aspects: Strategy, Risk management, organisational culture and transparency (Agan et al., 2016). The supplier selection process, which encompasses the TBL approach, is key for sustainability (Luthra et al., 2017). Supplier success is no longer limited to cost controls, mass production and short lead times as it now encompasses sustainability factors (Rezaei et al., 2016). A social SCM, which

encompasses all stakeholder dimensions at the strategic level, should be implemented for sustainability (Dubey et al., 2017).

Suppliers are pivotal in supporting the sustainability goal of buying entities, which has driven the supplier chain process as a strategic task of the organisation. The vehicle of SSD to achieve sustainability and improved performance still requires methodical exploration (Luthra et al., 2017).

### **1.7.2 Sustainable Supplier Development**

SD is a common practice within supply chain management (SCM), which has evolved to include economic, environmental and social facets for improved performance, wherein suppliers' ethics and environmental etiquettes are now of strategic importance to buying firms (Lu et al., 2012). Emerging market suppliers have had to adopt sustainable measures driven by procurement policies and codes, buying firms' conduct of buying, and compliance standards such as ISO 14001 (Jia et al., 2018).

Agan et al. (2016) also allude that SD to capacitate suppliers with skills, information, and financial resources is pivotal for suppliers to comply with additional social and environmental prescriptions. SSD literature is, however, still evolving and lacks the richness to formulate a framework, thus a futile area for a study (Liu et al., 2018).

### **1.7.3 Sustainable Performance**

Suppliers are the backbone of buying firms, contributing more than 60% of production input in manufacturing. This, in essence, punt suppliers as strategic allies of businesses for sustainability. For a firm to achieve its sustainability goals, suppliers are thus pivotal for success (Agan et al., 2016)

SSD is closely linked to a sustainable supply chain (SSC), also referred to as a green supply chain, which has been directly linked to improved supplier performance. Sustainable Supplier performance can be assessed through service quality measures, social responsibility, environmental competencies and economic elements (Luthra et al., 2017). Whether there is a strong bond between SSD and sustainable performance still requires further studies.

## **1.8 Chapter Conclusion**

This research investigated measures that drive the sustainable performance of suppliers within an SD program. This aims to develop capabilities to achieve overall sustainability, with a focus on aspects of the TBL, environment, social and economic sustainability. This study was deemed important due to the significant contribution of SMME suppliers to the country's economic focus and the successful and efficient operation of buying firms. Notwithstanding the high failure rates of SMME businesses in South Africa and their failure to access both funding and market opportunities, SD programs have been taunted as an efficient conduit that can enhance SMME Suppliers' overall performance. The findings from this study can assist in the formulation of a framework that can be replicated in other SD programs to enhance their success.

## **1.9 Outline of the Report**

The remaining chapters are set up as follows: Chapter 2 presents a literature review of prior work performed by other scholars, Chapter 3 presents the main overarching research question along with related sub-questions, Chapter 4 presents the methodology of choice and data analysis measures and techniques used, Chapter 5 presents the findings from interviews, chapter 6 presents a discussion of findings against literature reviewed in Chapter 2 with the last chapter 7 presenting a conclusion on the primary question against findings from literature and furthermore presents recommendations from the study, limitations of the study and possible areas of future research.

## **Chapter 2: Literature Review**

### **2.1 Introduction**

This chapter presents a detailed literature review on both constructs. The literature review focuses on the work previously done on both SSD and sustainable performance over the years, including the intersection of both constructs. A detailed analysis of SSD literature on supplier selection, the involvement of external contributors, training and development, TBL initiatives that drive overall sustainability, monitoring and evaluation, benefits derived by both supplier and buying firms, and sustainable performance have been covered.

### **2.2 Traditional Supplier Development Program**

Suppliers play a pivotal role in the success of businesses as they enable businesses to deliver on their mandate, serve customers and sustain their growth. Businesses have for years taken the initiative to capacitate suppliers to support their operations, which led to the establishment of SD programs (Rashidi & Saen, 2018). Dalvi and Kant (2015) define SD as an initiative through different measures to improve the overall performance of suppliers' quality of service and empower them with the know-how to better service the buying organisation.

Agan et al. (2016) emphasise the importance of SD as a progressive tool to capacitate suppliers, which can lead to cost-saving measures, lean delivery times, skill transfer and, ultimately, sustainability. SD encompasses a number of benefits for the buying organisation, not limited to good quality of goods, short lead times, improved customer service and overall positive TBL improvement. SD includes sharing essential knowledge, skills and experience but also direct investment in physical or human assets to assist suppliers to innovate and excel in service delivery (Dalvi & Kant, 2015).

The concept of SD has since evolved to further incorporate elements of sustainability. According to Bai and Satir (2022), supplier sustainability in a business is a representation of three core pillars of the business environment: the environment, social responsibility, and the economic pillar, also referred to as the TBL. This rapid evolution has created a gap in the knowledge base between SSD and traditional supplier-related practices, thus necessitating a need for further studies within the discipline of SSD (Bai & Satir, 2022)

## 2.3 Sustainable Supplier Development Program

SSD has recently seen increased attention in line with the evolution of environmental, social, and ethical considerations because of globalisation and the changing supply chain landscape. SSD is simply defined as an initiative of the buying entity that seeks to assist its core suppliers in meeting its sustainable goals (Bai & Satir, 2022).

SSD has been closely linked to SSCM, which is defined as a process between buying firms and suppliers which entails exchanging, holistic production to delivery process management and cooperation to deliver on the TBL to enable sustainability (Jia et al., 2018).

Rashidi and Saen (2018) reiterate this position when they assert the growing importance of sustainability in business as having evolved far and beyond mere environmental standards compliance and economic considerations where buying firms are also responsible for environmental and social consequences of their suppliers with an entity supplier management system incorporating the TBL principles.

Kumar and Rahman (2016) define "sustainability as an economic state where the demands placed upon the environment by people and commerce can be met without reducing the capacity of the environment to provide for future generations." Agan et al. (2016) from the Brundtland Commission (1987), on the other hand, simply define sustainability as "development that meets the needs of the present without compromising the ability of future generations to meet their needs."

Sustainable goals, on the other hand, are better defined from the perspective of the United Nations (UN), which, as part of the 2015 development agenda, proposed a set of global development goals which integrate across economic, social and environmental aspects, thus delivering on the TBL framework which succeeded the millennium development goals of 2015 (United Nations, 2023).

In times of supply chain pattern changes, Supplier sustainable performance is achievable through collaboration with suppliers at a strategic level through inclusive supplier management systems, inter-organisational relationships, and intra-organisational relationships (Rashidi & Saen, 2018). Firms are encouraged to consider the effects on society and the environment along with their profit mandate for sustainability (Lo et al., 2018).

Sustainability considerations within the supply chain have been on the rise, with firms scrambling to incorporate social and environmental considerations into their processes. Furthermore, there is a shift in expectation from multinationals to foster the sustainability performance of their suppliers, particularly within developing and emerging economies (Fan et al., 2021). Lu et al. (2012), in their study of Socially Responsible Supplier Development (SRSD), allude that improving a supplier's capabilities by buying firm has a direct link to both the supplier's and the buying firm's ethical conduct and, ultimately, their overall performance, which is a win for all stakeholders.

With Supply chain practices, sustainability and the green economy having for years been closely linked to the concept of SSD, Lo et al. (2018) offered a differentiating description of "Green Supply Chain Integration (GSCI) as the degree to which a manufacturer strategically collaborates with its supply chain partners and collaboratively manages intra- and inter-organisational processes to improve environmental performance." This concept of a green economy further underpins SSD.

According to Luthra et al. (2017), SCM encompasses social, economic and environmental criteria, with the adoption of these elements being on the increase, driven by government legislation and community awareness of sustainability. This notion was further asserted by Dubey et al. (2017), who allude that Legislations driven by government, Non-governmental organisations and changing stakeholder requirements have driven the evolution of sustainability within SSCM, Which further encompasses other related concepts such as green-centred product design, eco-friendly packaging, warehousing and distribution, energy efficiency and recycling. It is still not known if SD initiatives driven by buying firms can influence the adoption of the TBL framework for suppliers, taking into account their size and financial capacity required for implementation

## **2.4 Sustainable Supplier Selection**

Supplier selection is pivotal as the selection of the right fit suppliers in alignment with buying firm goals will deliver the best-fit results for sustainability. It is furthermore vital to assess, measure and capacitate the supplier of choice to ensure sustainable performance (Yildiz & Sezen, 2019). With the growing dependency on suppliers to deliver on the buying firm's goals and mandates, sustainability measures should take



centre stage in the supplier selection process as they consider both the people, planet and profit elements (Khan et al., 2018).

Supplier selection, which encompasses social and environmental sustainability factors, requires a well-structured approach as it is more complex than traditional measures of supplier quality, cost and price. This process should further be aligned with the entity's strategic requirement as SCM is of strategic importance, which drives company performance (Rezaei et al., 2016). The strategic rationale of supplier selection was also supported by Kusi-Sarpong et al. (2023) when they alluded that supplier selection is a critical and strategic decision as supplier performance tends to influence overall buying firm supply chain efficiency and performance, the right fit suppliers being key to minimising cost, production of quality products and minimising production stoppages.

A sustainability-centred supplier and buyer relationship should consider both social, environmental and traditional economic objectives irrespective of complexities. This is needed from relationship inception (Luthra et al., 2017). The supplier selection process in the world of outsourcing, globalisation, regulatory changes and more dependency on suppliers' processes is important to achieving positive organisational performance, as selecting the wrong-fit suppliers will have dire consequences for buying firms (Rezaei et al., 2016).

According to Bai et al. (2019), the incorrect selection of suppliers to partner with by buying firm can have a detrimental effect on the entity's overall performance, leading to high costs of production, poor quality of products and reputational risk from Suppliers conduct. Initial Supplier selection as part of SSD is key to ensuring sustainable performance, as the success of the program is directly linked to the quality of suppliers onboarded (Giannakis et al., 2020).

"It is claimed that careful selection of suppliers, constant development of suppliers and close monitoring of their performance have a positive impact on social dimensions of sustainability" (Nassar et al., 2020, p. 5; Kumar & Rahman, 2016). Buying firms should invest time and effort in the selection of their suppliers, as suppliers are not only partners but play a pivotal role in the overall success of an organisation. A detailed assessment of the impact additional environmental and social requirements will have on SMME overall performance still needs to be performed, with this study seeking to add to the knowledge base.

## 2.5 Supplier Development Contributors

An SSD process requires collaboration from multiple parties for successful implementation and execution. SSD is a multi-stakeholder initiative which involves different associations, banks, intermediaries, Non-governmental organisations and the community at large. A multi-stakeholder approach is vital for knowledge transfer and the effective execution of SD program initiatives. Participatory stakeholders make a direct contribution at all stages of SSD and thus shape the success of SSD (Liu et al., 2018).

Maditati et al. (2018) highlight the importance of stakeholder integration to achieve sustainable performance. "Collaboration fosters inter-organisational learning and enhances sustainability capabilities. SSCC between supply chain partners usually includes an extensive exchange of information and knowledge, which is argued to contribute to the transmission of sustainability knowledge, standards, regulatory requirements, technology, and organisational practices between firms in the supply chain" (Kunkel et al., 2022).

Buyer and supplier collaboration is important to tackling social and community-based issues. However, this has been ignored in the past. The expansion of knowledge resources by buying firms through collaboration with cross-border partners has also proven to influence the overall performance of an entity (Awan et al., 2020). A buying firm alone cannot execute a successful SD program as there is a need for expert knowledge, training and development that the buying firm might not possess.

Liu et al. (2018) aimed to understand the definitive roles of participatory players in the SD program apart from the traditional buyer vs supplier relationship. Liu et al. (2018) concluded that external stakeholders can take the role of drivers, facilitators, or inspectors in the effective execution of the SSD program. The involvement of external stakeholders enriches the learning and development, capacitation and overall performance of suppliers. Whether the different contributors brought in by the buying firm will positively impact suppliers' overall sustainability, which encompasses the TBL, still requires an assessment.

## 2.6 Supplier Training and Development

A significant aspect of a formalised SD program is the training and development of suppliers across different dimensions. Research has proven that training and development of suppliers' capabilities by the buying firm can lead to various benefits for both parties. Knowledge-sharing collaboration between buying firms and suppliers was confirmed to enable overall sustainability (Awan et al., 2020).

Due to a lack of training and education for SMMEs, there is an evident disconnect between SMME's willingness toward sustainability and their actions thereof (Yacob et al., 2019). Environmental education and training are essential in creating awareness and influencing the individual behaviour of multi-stakeholders in achieving sustainable performance (Yildiz & Sezen, 2019). Zafar et al. (2020) furthermore make a brave call for the inclusion of ecological sustainability in countries' education curricula to improve awareness and accelerate the adoption of environmentally friendly measures.

Supplier has a need to be educated on societal issues within their constituencies and how to respond to such challenges. Training and development of suppliers on social issues, inclusive of child labour, conducive working conditions and other societal challenges is an influential and effective tool to foster performance (Liu et al., 2018). Yawar and Kauppi (2018) supported this assertion in their study when they highlighted that training and knowledge transfers by buying firms could ultimately capacitate suppliers to address social-related issues such as labour rights, gender equality, community development and employee wellness.

Supplier training, equipment provision and site consultation constitute some of the direct SSD initiatives to enhance the capacity of suppliers and improve their performance (Glock et al., 2017). The training of SMMEs, amongst others, is also instrumental to product quality improvements and the overall economic sustainability of suppliers; coupled with local procurement, this also led to social sustainability (Yawar & Seuring, 2018).

All elements of the TBL can benefit from supplier training and development. Training and development is thus deemed a transformative initiative that can lead to overall sustainable performance for both buyer and supplier. This phenomenon has, however, not yet been tested extensively in developing worlds like South Africa. This study will

thus assess if supplier training in a developing world will yield the same positive impact as in a developed nation.

## **2.7 The Triple Bottom Line**

The core aspects of sustainable performance are environmental, social and economic sustainability. Initiatives that target these three aspects should be implemented as part of the SSD program to transform, grow and capacitate suppliers. Wong et al. (2018) and Golobic and Smith (2013) conclude that there is no single measure or initiative to achieve sustainable performance; a host of different strategies should be implemented to achieve greater sustainability.

Previously, the performance of the TBL has been assessed separately, with prioritisation of some elements and the neglect of others. It is thus vital to measure the performance of all elements equally due to the growing prevalence of social considerations (Giannakis et al., 2020). Initiatives should thus be implemented across all elements of sustainability to achieve overall sustainable performance.

### **2.7.1 Initiatives That Drive Environmental Sustainability**

In an SD undertaking, overall performance should incorporate the TBL elements of economic, environmental, and social (Liu et al., 2018). The increased degradation of the environment, global warming phenomenon and pollution have propelled multiple stakeholders into incorporating precautionary measures into their supply chain processes (Yildiz & Sezen, 2019), with environmental initiatives proven to be popular over the years.

A number of organisations have resorted to the implementation of laws and regulations to foster environmental compliance. The evolution of the supply chain due to regulatory shifts and stakeholder advocacy towards sustainability has forcefully led organisations to adopt environmental management practices with the aim of improving operational efficiency and overall economic performance (Maditati et al., 2018).

The drive to adopt overall sustainability measures has been accelerated by pressure from advocacy organisations, regulatory requirements, industry leaders, associations and community-based challenges (Subramaniam et al., 2020). Regulatory and market

pressure have proven to be effective tools to boost overall performance as they drive innovation and create alternative markets (Maditati et al., 2018; Zhu & Sarkis, 2007). Small-scale suppliers that operate in a non-regulatory environment requires regulatory enforcement from buying firm to conform and comply with social requirements (Subramaniam et al., 2020).

Governments have been at the forefront of environmental sustainability. The growing stringent Government regulations and the call to decarbonise from pressure groups have revolutionised environmentally friendly projects and product designs. Suppliers are now expected to play a role in decarbonisation and the co-creation of a more environmentally friendly world (Somjai et al., 2020). This rationale was also supported by Kusi-Sarpong et al. (2023) when they alluded that government regulations, organisation policy formation and public pressure have led to the accelerated adoption of sustainability measures and the integration of sustainability into the supply chain.

An example of the government playing a central role through laws and regulations to promote environmental sustainability is that of the Malaysian government when it implemented an environmental management system and an accreditation process for suppliers to enhance environmental compliance and eliminate pollution by companies (Guan et al., 2016). Developed nations have also resorted to stringent laws and regulations to promote environmental compliance and accelerate the adoption of renewable energy. This has been found to be effective in raising environmental awareness and persuading corporations to adopt green practices (Khan et al., 2020).

In-house policy formation to drive change is another aspect of laws and regulations to foster environmental compliance. Yildiz and Sezen (2019) define environmental policy formation and implementation as an internal environmental management process. Over the past few years, the development of in-house policies and standards that conform to the growing environmental calls driven by changing legislature and the need to recycle and reuse raw materials by suppliers has been accelerated. Buying firms are more cautious around energy-saving measures, waste management and ease of recyclability of raw materials (Lo et al., 2018).

Entities like Huawei in China have created robust certification processes that assess suppliers' compliance against its environmental goals and dictate an action plan to ensure total compliance (Shah & Soomro, 2021). Buying a firm through an SD process can facilitate resources to suppliers for environmental sustainability through certification,

monitoring and information sharing (Wong et al., 2018). "Further, certification indicates that the operations of the buyers and suppliers are transparent, traceable and sustainable" (Yawar & Seuring, 2018; Wu & Pagell, 2011).

Waste recycling and management is another commonly used measure to achieve environmental sustainability. Recycling of waste by companies across industries in pursuit of environmental sustainability has been gaining momentum (Gilal et al., 2019). The efficient handling of waste, recycling and reuse to combat pollution was legislated to drive environmental sustainability (Guan et al., 2016). Kusi-Sarpong et al. (2023) anchor this assertion when they allude that sustainability can be achieved by minimising environmental degradation and recycling waste.

Yildiz and Sezen (2019) refer to the recycling and reusing of waste material in a company's production process as an investment recovery process. Yacob et al. (2019) studied strategies that SMMEs can explore, including energy conservation and waste management, as these initiatives have been extensively researched with a focus on larger corporations. Yacob et al. (2019) further concluded that SMMEs face challenges with the disposal of waste, resulting in pollution, and a more environmentally friendly waste management system is essential to achieve green sustainability.

Waste management and the implementation of energy-efficient initiatives across industries have proven to enable economic and environmental sustainability (Gilal et al., 2019). Kusi-Sarpong et al. (2023) also introduced the concept of circular economy, which focuses on the transformation of waste in line with the environmental and sustainability elements of the TBL concept.

The shift from fossil fuel use to clean and renewable energy has also been pivoted as an enabler of environmental sustainability. Electricity cost is one of the key elements of any entity's production; thus, the need for more energy-efficient measures of production is central to achieving green sustainability (Yacob et al., 2019). Energy efficiency measures and the shift to renewable energy from fossil fuel have been implemented across companies with the aim of driving sustainability (Guan et al., 2016).

Yacob et al. (2019) from Esty and Winston (2009) "suggested that SMMEs are in a better position to implement green practices because they are more flexible and open to change due to their focus on innovation." "broadly, manufacturers classified green initiatives into four categories: pollution prevention approaches aiming at compliance;

pollution prevention approach aiming at a competitive advantage; end-of-pipe or pollution control measures; and value-seeking strategies" (Yacob et al., 2019).

Studies have also shown a correlation between international trade and renewable energy adoption as a way to combat climate change within development (Zafar et al., 2020). Many industrial-based companies have adopted measures that drive economic and environmental sustainability, such as the use of a renewable source of power and recycling scraps waste (Khan et al., 2020).

Addressing climate change is one of the 17 UN sustainable development goals, with policy formation being one of the measures that can be used to foster change and a shift to renewable energy (Zafar et al., 2020). A number of industries have championed energy shift mechanisms to drive environmental sustainability. An example of this is the logistics industry, which concluded that policies to curb carbon footprint and protect and preserve the environment are central to achieving environmental sustainability within its industry (Khan et al., 2020).

In the world of technological advances, technology-driven sustainability initiatives are also on the rise in the growth of the service industry. Technology-driven sustainability in the supply chain positively influences sustainability as it enhances decision-making, delivery efficiencies and process harmonisation (Kunkel et al., 2022). These areas are still new and still futile for further development and study.

SMMEs are not openly eager to the adoption of green initiatives, environmental management standards, policies, and environmental Audits (Yacob et al., 2019). Popular "environmental initiatives include waste management, environmental product design, resource efficiency, reverse logistics, green purchasing and eco-efficiency in operations "(Subramaniam et al., 2020). With no eagerness for environmental initiatives adoption by SMMEs, the supply chain environment and collaboration between buying firms and suppliers is thus still futile to enhancing overall sustainable performance from possible increased adoption.

### **2.7.2 Initiatives That Drive Social Sustainability**

The social aspect of the TBL has been neglected over the years in comparison to the environmental and economic elements. Social Sustainability looks at aspects such as employee wellness, employee rights and vast societal challenges, which thus extends

beyond the confines of buying firm (Subramaniam et al., 2020). SSD can, therefore, be a useful tool in addressing societal issues of human and labour rights, poverty and gender-based issues for SMME suppliers in emerging economies (Yawar & Seuring, 2018).

Similarly to Environmental sustainability, Policies and procedures are effective measures to foster behaviour and environmental compliance for suppliers, customers and the general public (Wong et al., 2018), thus achieving social sustainability. According to Kusi-Sarpong et al. (2023), buying firms are at the forefront of incorporating social sustainability measures into the entity supply chain, inclusive of labour rights and employee wellness, amongst others. Yawar and Seuring (2018); (from Lu et al., 2012; Mani et al., 2016) assert that "economic well-being of suppliers, access to basic amenities like health, education and housing, fair trade practices, local procurement, decent wages and securing livelihood strategies are important societal issues that can affect the sustainability performance of buyers and suppliers."

There are various initiatives that buying firms, in collaboration with suppliers, can implement to promote social sustainability. One of the most common initiatives which has been extensively studied is the concept of "localisation" on all fronts. Supplier localisation and procurement by buying firm is preferred as it eliminates administrative and logistical challenges and directly addresses community-based empowerment needs, thus creating a win-win situation for all stakeholders. Local procurement, training and development of local-based suppliers are some of the key socially responsible SD practices deployable by buying firms to achieve social sustainability (Yawar & Kauppi, 2018).

The concept of SDG localisation has been studied extensively in the past. As part of SDG localisation, corporates have in the past resorted to assisting host communities with their challenges through charitable measures, including educational support and provision of basic needs. In South Africa, communities have over the years raised the alarm about the lack of transformation and not deriving any benefits from economic activities within their vicinity. This is prevalent in local communities within Kruger National Park. Host communities demand employment opportunities and ownership interests in local operations to derive some benefit (Mabibidi et al., 2021).

Mabibidi et al. (2021), in their study of Kruger National Park sustainability measures, alluded that the entity, as part of its empowerment initiatives, engaged in training local



SMMEs, buying locally produced products and reserving a portion of its project subcontracts to local entities to achieve social sustainability. Companies in the tourism industry have resorted to assisting host communities in meeting their sustainability goals through the provision of education, employment opportunities and economic opportunities.

As the world becomes more interconnected, the concept of localisation has become more difficult to uphold. Irrespective of implementation difficulties, localisation has been championed to reduce socio-inequality, improve quality, and promote sustainability. Olivier et al. (2018) define positive localisation as justifiable discrimination favouring local communities, economies, and cultures to promote just and equitable communities. Localisation has also been deemed to advance local governance, improve ownership of local trade and create self-reliant and sustainable local communities (Olivier et al., 2018).

Conversely, employees are regarded as an organisation's main stakeholders and constitute the engine behind an entity's operation. As part and parcel of social sustainability, their needs must also be catered for to achieve overall performance. The common social sustainability issues that have been explored extensively are company-related practices (Nassar et al., 2020). Social issues of poor working conditions, poor employment conditions, child labour and pay inequity are some of the common consequences of poor buyer-supplier selection processes leading to an overall loss for the buying entity (Bai et al., 2019).

Over the years, giving to host communities and the general public has become part and parcel of good corporate citizenship. Corporate Social Investment (CSI) by both supplier and buying firm plays a pivotal role in building communities and relationships between multiple stakeholders. Corporate Social Responsibility (CSR) and ethics under the banner of social sustainability have, however, been under-explored, irrespective of their importance in avoiding irresponsible behaviour of suppliers (Nassar et al., 2020).

CSI refers to business initiatives supporting the community's overall development and solving its related societal issues. Communities have developed an expectation over the years that businesses, through their operations, should take social issues into consideration alongside the economic benefits. This has been proven to lead to competitive advantage for companies (Pritam, 2020).

Most CSI initiatives are not legally driven. Thus, different policies and frameworks have been the driving force of adoption. In South Africa, the likes of B-BBEE, King code, and Johannesburg Stock Exchange requirements have been driving adoption and implementation. An entity CSI initiative can encompass Charitable donations, employee volunteering and ethical labour practices, amongst others, the choice of initiative being company and environment-specific. The geographic location of businesses tend to have a direct impact on the selection nor prioritisation of certain CSI initiatives, e.g., European entities are drawn to environmental initiatives, while entities based in Africa consider poverty-related initiative more (Cheruiyot-Koech & Reddy, 2022).

Social sustainability has evolved over the years from traditional aspects such as labour, legislative, and health and safety to cultural and ethical issues within communities (Wang & Dai, 2018). It is thus pivotal to develop suppliers and the community at large to mitigate against possible supply chain risk and improve organisational performance (Yawar & Seuring, 2018). Whether the different initiatives can enhance suppliers' social sustainability in a developing world setup still requires extensive study.

### **2.7.3 Initiatives That Drive Economic Sustainability**

One of the core functions of running an enterprise is to realise economic gains in the form of revenue, assets and profit growth. Supplier financial performance can be assessed through assets, sales and income growth, which would indicate the successful implementation of SSD (Subramaniam et al., 2020). As SMMEs struggle with access to finance, buying firms use financial and technical support to enhance supplier capabilities to achieve economic and social performance (Yawar & Seuring, 2018). Yacob et al. (2019) allude to the lack of the necessary skills and financial resources by SMMEs to implement sustainability measures, thus shifting their compliance responsibility to lawmakers and other related parties. The majority of SMMEs are underfunded with limited to no financial support, irrespective of their significant contribution to the overall GDP. There is a misalignment between loans expanded to support SMMEs by financial institutions against their contribution to the overall economy and tax fiscus (Kang et al., 2021).

The struggle to access capital by SMMEs is still highly prevalent across industries. Stringent credit terms hinder SMMEs from adequate access to working capital and the ability to borrow from financial institutions. These enterprises then resort to supply chain finance for survival (Caniato et al., 2019). Due to limited access to debt and working

capital financing, suppliers are limited to either debtors factoring or asset-secured capital loans from financial institutions, which are often not ideal (Tang et al., 2018).

SMME funding is critical to the success of suppliers, and such should not be neglected as SMME significantly contributes to the overall economy and job creation (Huang & Chiang, 2018). Supplier financial distress has a negative impact on buyers' operations and production. Buyers can assist suppliers through supply chain finance measures such as trade finance, advance payments and bank finance facilitation (Zhao & Huchzermejer, 2019).

A number of initiatives have been implemented over the years to boost suppliers' economic sustainability. Over the years, direct buyer-supplier initiatives of training education and financial assistance have proven to enhance suppliers' capabilities, thus ultimately improving their overall performance (Yawar & Seuring, 2018). Subramaniam et al. (2020) advocate the use of financial and non-financial incentives to foster supplier compliance, thus ensuring "higher social performance."

"There are three streams of managing suppliers' financial distress, namely: (i) trade credit and bank finance to manage capital constraint of the buyer; (ii) joint operational and financial strategies to mitigate the financial distress of the supplier; and (iii) advance payment discount or purchase order financing" (Zhao & Huchzermejer, 2019). According to Kang et al. (2021), supply chain-related funding mechanisms such as trade credit, supplier loans, and purchase order funding are pivotal to the success of MSMEs.

The Supply Chain Finance (SCF) concept emanated from the 2008-2009 global financial crisis when entities realised buyer-supplier collaboration's power to ensure both parties' financial stability and continuity (Caniato et al., 2019). In developed nations, a large number of multinationals are at the forefront of expanding supply chain-based financing to support the growth and success of SMMEs. Financing methods such as advanced payments to suppliers to resolve a cash crunch and the liquidity problems of contracted suppliers have been on the rise over the years (Kang et al., 2021). Deng et al. (2018) also highlight this point when they alluded that buying firms have buyer financing in many forms, including payments or facilitated low-interest bank finance to suppliers to protect them from financial distress.

There are competitive and operational advantages derived from when the buying firm acts as both buyer and lender, as such, improves buyer-supplier relationship and delivery

performance. To bridge the gap to supplier financing, non-asset-based funding models such as Purchase Order Financing (POF) and Buyer Direct Financing (BDF) have emerged (Tang et al., 2018). Buyer-based finance is priced competitively with low interests and thus cheaper for suppliers compared to bank-based finance (Deng et al., 2018). Zhao and Huchzermejer (2019) also allude to the value derived from assisting suppliers financially. Buyers can also advance purchase order financing in collaboration with financial institutions to safeguard and guarantee order delivery from possible suppliers' financial distress.

Another key challenge of SMME is how to access different markets for growth. With limited resources, market share, influence and innovation, certain markets are thus inaccessible, thus hindering entity growth. Infrastructural challenges, financial and non-financial resources, and distances away from major markets have also contributed to small businesses' lack of market access. Furthermore, government bureaucracy has also been flagged as a cause of limited market access for SMMEs through regulations and restrictive laws of businesses (Francisco & Canare, 2019).

Various strategic initiatives to improve SMME market access have been devised over the years, allowing SMME to tap into both domestic and international markets. This is further enhanced through affiliations and associations (Francisco & Canare, 2019). Globalisation over the years has also eroded inter-country trade barriers through improved transportation modes, low communication costs and import and export agreements by countries (Pan et al., 2022).

A number of initiatives have proven successful in enhancing market access for SMMEs. According to Pan et al. (2022), SMME innovation can lead to improved market access through operation flexibility, operation efficiency and dynamism. Pan et al. (2022) further highlight the internationalisation of SMMEs to tap into other foreign markets as a key driver to market access.

The efficiency of Suppliers' production and operation has also had an impact on the overall sustainability of buying firms. Production disruptions and stoppages can have a dire financial impact on both the supplier and buying firm and also lead to the deterioration of their relationship. To improve operational efficiency, a number of key initiatives can be implemented in collaboration between the Supplier and buying firm. Li and Chen (2019) support the assertion of supplier-buyer collaboration as a means to mitigate elements of supply value chain complexities and risks. The use of technology

as a risk-mitigating tool that drives business processes, integration capabilities and operational performance was also flagged by Ganbold et al. (2021) when they alluded that real-time data, transactions and sharing of information underpinned by technology advancement can result in better inventory management, on-time decision making and enhanced production planning.

This was supported by Li and Chen (2019) when they alluded that global supply chain complexities require technological advancement to drive supplier efficiency. Other key measures that drive operational efficiency include cost savings, quality product delivery and financial performance. High supplier operational performance was directly linked to high financial and market performance (Li & Chen, 2019). With the core existence of a business being economic sustainability, the economic sustainability of both buyer and supplier should be attained to achieve sustainable performance. With the high failure rate of SMME suppliers over the years, it is still necessary to identify additional measures that can enhance their economic performance, thus necessitating this study.

## **2.8 Supplier Performance Management**

As part of the SSD program, supplier performance must be assessed and evaluated from onboarding till program exit. Supplier performance should be managed through continuous monitoring and evaluation from supplier onboarding to ensure compliance with set environmental, social and economic benchmarks. This can take the form of continuous assessments, audits, pre and post- certifications and monitoring visits from buying firms (Yawar & Seuring, 2018).

Supplier monitoring and evaluations are key to identifying deviations from set standards and devising timely corrective measures to enhance suppliers' capabilities (Yawar & Seuring, 2018). As part of supplier relationship management, evaluating and continuously monitoring performance against set standards is key to harnessing value from buyer-supplier relationships. Performance that is short of expectation should result in the implementation of corrective measures, and where such does not yield any improvements, supplier expulsion from the program might be necessitated (Glock et al., 2017).

To identify and combat unethical and non-compliance behaviours, continuous monitoring and evaluation of suppliers should be adopted (Wang & Dai, 2018). Subramaniam et al.

(2020) allude to the critical nature of supplier monitoring and evaluation to enforce certain behaviours and promote conformity to set expectations. This further necessitates the implementation of a reward system to reward performance and punitive measures to discourage non-compliance and non-conformity.

Performance evaluation criteria are now being built into supplier selection criteria to achieve sustainability in sourcing. To achieve this feat, performance evaluation has now incorporated the TBL concept. Aspects of the TBL, such as workers' safety, waste management and societal issues, must take centre stage along the financial risk considerations concept in supplier performance evaluation (Khan et al., 2018).

Proactive performance management processes should be employed to measure the success of both suppliers and the SSD program and achieve sustainable performance for all. This is critical to harness the benefits of buyer-supplier relationships.

## **2.9 Sustainable Supplier Development Benefits for Suppliers**

Companies are more likely to implement an initiative that yields them benefits and further enhances their bottom line, as traditionally, a business operates on the basis of making a profit. Rashidi and Saen (2018) allude that SSD can lead to stepwise improvements in supplier capacity, innovation drive, resource management and process augmentation. SSD can also lead to improved operational performance, efficiencies and competitiveness for both buying firms and suppliers.

Sustainability within an organisation can lead to brand resilience and overall competitiveness (Kumar & Rahman, 2016). SSCM processes can improve entities' competitiveness and improve the overall bottom line through SSCM initiatives, including but not limited to waste management, the green economy, lean logistic processes and waste recycling and reuse (Jia et al., 2018).

## **2.10 Sustainable Supplier Development Benefits for Buying Firms**

SSD can also contribute to a positive corporate social responsibility outlook for buying entities by integrating environmental and social initiatives within buying firm processes (Rashidi & Saen, 2018). SD improves "relational bonds, trust, respect and cooperation between firms and its stakeholders" (Fan et al., 2021).

Fan et al. (2021) assert the beneficial elements of SSD when they indicate that such a program can limit potential supply chain risks and reputational damages. Furthermore, SSD investment can deliver positive effects from stakeholders, which drives performance and improved customer satisfaction derived from CSR.

SSD can save buying firms costs as supplier replacements are high, and supply shortcomings can be detrimental to the entity's sustainability (Liu et al., 2018). Sustainability can be achieved through supplier and buying firm collaboration as it yields cost-saving benefits, delivery synchronisation and production improvements (Kumar & Rahman, 2016).

As per Dubey et al. (2017), SSCM has several benefits for buying entities, including logistical optimisation, alignment with the organisation's strategic initiatives and improved communication between buyers and suppliers. Sustainable, focused supply chain processes are directly linked to improved innovation and competitive buying firms.

## **2.11 Sustainable Performance**

Kumar and Rahman (2016) define "sustainable performance as the performance of a company in all dimensions and for all drivers of corporate sustainability." "Organisations are encouraged to incorporate social and environmental considerations for sustainable value creation (Lu et al., 2012). Rashidi and Saen (2018) state, "Suppliers' participation in SD programs effectively enhances suppliers' operational performance."

A balance of the economic, social, and environmental TBL elements is pivotal to ensure sustainable performance. SSC practices define performance as a factor of both environmental and social dimensions up and above the conventional economic dimension (Kumar & Rahman, 2016). Sustainable performance includes but is not limited

to end-to-end process improvements, product design, safety improvements and innovation from suppliers. The integration of sustainability considerations has had a proven operational and financial performance benefit over the years (Fan et al., 2021).

Buying firms should be able to measure supplier-buyer performance as part of SSD. Supplier assessment post-SD onboarding through compliance audits is central to ensuring sustainable performance is achieved (Dubey et al., 2017). Supplier environmental performance can also be measured through three processes: "environmental criteria, suppliers controls and environmental activities monitoring" (Agan et al., 2016).

## **2.12 Chapter Conclusion**

There are trade-offs between traditional criteria of supplier selection and sustainable supplier selection due to the complexities of sustainability and its ambiguity (Rezaei et al., 2016). A holistic approach to sustainability is required for an organisation to perform optimally. This approach focuses on all stakeholder concepts not limited to costing and profitability (Dubey et al., 2017). SSDs, which incorporate social and environmental aspects, still require a detailed study to form an opinion (Agan et al., 2016). The link between SSD and overall organisational performance is still futile for a detailed study.

The concept of SD has been studied extensively. However, without the element of sustainability to translate the study into SSD. There have been detailed studies in the area of Economic and Environmental sustainability. However, all in isolation rather than as a combined unit, with detailed study in the area of Social Sustainability still lacking with only a few concentrations within the concept of CSR. The use of formalised SD programs to enhance performance has been in effect for many years, as shown in the literature above. With exacerbating environmental awareness and social issues, a more combined approach and formulation of a framework is still required.

On the other hand, sustainable performance incorporating the TBL has been gaining more relevance; however, it is still not extensively explored in developing nations. This research aims to study how traditional SD combined with the element of sustainability enables sustainable performance (Economic, Social and Environmental), commonly known as the TBL. This study will add to the body of knowledge and assist in the development of a framework.



## Chapter 3: Research Questions

### 3.1 Introduction

Research Questions are of paramount importance in qualitative-based research as they influence the choice of research design, required population and sampling methodology. The questions should be flexible to allow for a rich context which is reflective of the research problem and subsequent research findings (Tracy, 2019).

### 3.2 Primary Research Question

The research will aim to answer the following questions:

**Main Question:** How is Sustainable Supplier Development within a company enabling sustainable performance?

The above question represents an overarching research question aiming to attain an overall understanding of initiatives, measures or programs as part and parcel of a formalised development program that can lead to the realisation of the TBL. Wong et al. (2018) and Golicic and Smith (2013) argue that only a combined approach of the triple bottom can drive performance as no single aspect can achieve overall sustainable performance. The above question is further segmented into three sub-questions to better understand all three elements of sustainable performance driven by the SD program.

### 3.3 Sub-questions

**Sub Question 1:** How is Supplier Development enabling environmental sustainability?

This sub-question narrows down the overarching question to gain an understanding of specific measures that drive the environmental sustainability of suppliers. In a world where environmental awareness has been on the rise as driven by government legislations and advocacy groups (Kusi-Sarpong et al., 2023; Maditati et al., 2018; Subramaniam et al., 2020), specific measures lead by buying firms to transform suppliers and encourage the adoption of green-related measures still requires more insight.

**Sub Question 2:** How is Supplier development enabling social sustainability?

The above question is segmented to gain a deeper understanding of how suppliers can play a role in uplifting and empowering their communities from societal challenges. Societal issues in emerging economies can be addressed through supplier and buying firm relationships and interactions (Subramaniam et al., 2020). Nassar et al. (2020) highlight a great deal of societal issues that communities are faced with. Supplier and buying firms are responsible for bringing change and improving their host communities.

**Sub Question 3:** How is Supplier Development enabling economic sustainability?

This last question sought to identify additional initiatives that can enhance suppliers' economic performance. The economic aspect of the TBL has been explored in detail in the prior year, however, in isolation from the other aspects (Dubey et al., 2017). This question will unearth initiatives that enhance suppliers' profitability in parallel with the environmental and social aspects of the triple bottom. A combined approach assessment of the economic sustainability of suppliers will add to the knowledge base (Bai & Satir, 2022; Rashidi & Saen, 2018).

### **3.4 Chapter Conclusion**

The above section lays out the research questions that will guide the research process . The answers to these questions will provide insight into the research , with data gathered from suppliers interviews as guided by the interview guide as presented in annexure C. The research questions will further lead to the extractions of findings and implications for multi stakeholders and further assist to unerth other possible areas of future study to be presented in chapter 7 below.

# **Chapter 4: Research Methodology and Design**

## **4.1 Introduction**

This chapter outlines the methodological choice of the research, the motivation and defence of the selection thereof. The process of data collection, analysis and the criteria of the sampled population are also outlined. A mono-qualitative research methodology was elected, with data analysed for codes to form emerging themes. Data was collected from the lived experiences of suppliers and SD executives who constitute our target population. Furthermore, measures put in place to safeguard the quality of data collected and ethical considerations were also highlighted, inclusive of susceptible limitations of the study.

## **4.2 Purpose of Research Design**

The area of SSD with a focus on sustainable performance inclusive of the TBL has not been extensively assessed in prior years. Shelton and Minniti (2018) referred to an exploratory qualitative research design as a pivotal tool to understand context-rich areas with no prior extensive research study. To attain a detailed understanding of societal issues not yet elaborated in research can be achieved through an exploratory research study (Tracy, 2019), which this research aimed to achieve.

Based on the literature review performed, it was evident there has been extensive research work in the field of traditional SD, environmental sustainability and sustainable performance as separate elements. This research was conducted to understand how SD leads to sustainable performance in an exploratory manner, thus assessing all the relevant elements in combination, which entails an area not fully explored.

An exploratory study is essential to unearth new insights in areas not fully explored (Saunders & Lewis, 2018). The study of the TBL from a supplier perspective, with sustainable performance driven by the buying firm developmental mandate, is still new. Suppliers' experience from interviews added to the knowledge base and will assist in the development of a future framework.

### **4.3 Research Philosophy**

As the areas of SSD are complex and multi-layered, an Interpretivist research philosophy was followed, where data was collected through semi-structured interviews to understand different experiences. This was driven by the fact that the questions to be asked with regard to the research still require detailed exploration. To attain a deeper understanding of SSD, a Semi-structured interview protocol was followed, which allowed for context exploration to devise codes, meanings and themes to form a conclusion. According to Tracy (2019), Context immersion and cultural experiences of the population add's to theory building when the topic being explored is not extensively researched.

Sliwa (2017) alludes that the use of semi-structured interviews to collect and collate data in interpretivist research philosophy is the same even in positivist research philosophy, with different requirements, limits and conclusions. The study relied on suppliers' experience from their participation in a formalised SD program to explore the "how" scenario. Data was also extracted from supply chain executives through interviews. This philosophy allowed the researcher to answer the set research question and is further in line with a qualitative research methodology.

The interpretivist research philosophy allowed the researcher to study suppliers and supplier executives in their own natural environment, gaining insight into their experiences and understanding of the SD program as a driver of overall sustainability (Saunders & Lewis, 2018).

### **4.4 Research Approach**

An inductive approach, which constitutes a bottom-up approach for theory building in emerging literature, was followed in an Interpretivist research Philosophy. A detailed understanding of context and experiences was attained through a semi-structured interview protocol where interviewees' views were captured and analysed. "Researchers using an inductive emic approach (a) begin with observing specific interactions; (b) conceptualise general patterns from these observations; (c) make tentative claims (that are then re-examined in the field); and (d) draw conclusions that build theory." Patterns are identified from conversations, coded into themes, and subsequently, a conclusion is formed into theory (Tracy, 2019, p. 22).

An inductive (qualitative) approach to identifying ideas and new concepts through non-numerical ways which do not adhere to generalisation can be a useful research tool. As no generalisation is possible over the entire population, the method allows for areas not fully explored in the past, similar to SSD, to be observed to form a theory (Flick, 2013). The research followed an inductive approach to identify themes and patterns extracted through semi-structured interviews to decipher how SSD led to the achievement of the TBL (Sustainable performance).

Patterns and codes were extracted from interviews conducted with suppliers and supply chain executives and subsequently analysed to form emerging themes. This research adopted a bottom-up approach (Saunders & Lewis, 2018); this was deemed appropriate as SD, which incorporates all elements of sustainability, still lacked detailed insight.

## **4.5 Methodological Choices**

The use of the qualitative research method in a multi-layered and context-rich environment where the emergence of a theory based on the experiences of respondents with no reliance on quantitative data is vital (Hamilton & Finley, 2019). According to Tracy (2019), the Qualitative method is ideal for unearthing new themes, concepts, theories and ideas for future studies through flexible conversations. A funnel-like process is followed where broad themes are identified, analysed, clustered and subsequently narrowed down to the main emergent theory or conclusion.

The research followed a qualitative approach, the methodological choice being a mono-research methodological choice as it relied only on one data collection source: a semi-structured interview. A single data source method of semi-structured interviews for both suppliers and supply chain executives was elected, constituting a mono-methodological choice (Saunders & Lewis, 2018). The mono-methodology choice was deemed appropriate based on the literature review conducted and an analysis of prior related studies.

## **4.6 Research Strategy**

Qualitative research uses several approaches to gather and analyse research data. This research method commonly subscribes to interviews and observation as a common way of gathering data. The research question further dictates the appropriate research

strategy, with one-on-one interviews being the most robust way to understand complex issues (Hamilton & Finley, 2019).

The use of interviews to collect research data is of primary use; this constitutes a daily familiarity of conversations and observations. Knowledge is thus passed through the lived experience of the respondent in line with the pre-determined purpose driven by the research question and immersion of context. Those who possess lived experience share their view, which then adds to research data used to develop a theory (Sliwa, 2017).

Traditional virtual forms of conversations, text, and graphic representations nowadays supplement traditional interviews and observations with qualitative methods of research ways of communication, which are all integral to a research solution (Flick, 2013). For the purpose of our research, one-on-one, in-depth interviews were conducted to gather exploratory data to form an opinion. Suppliers and Supply development executives were interviewed with reference to an interview guide. All interviews were conducted virtually via ZOOM and recorded for detailed analysis and coding of emergent themes. The interview questions extracted data to answer the set research question based on the lived experiences of both suppliers and those in charge of executing successful SD programs.

## **4.7 Time Horizon**

Cross-sectional research was conducted at a particular point in time.

## **4.8 Population**

Saunders and Lewis (2018) define population as a complete set of people, elements, aspects, organisations, employees or places for which a sample will be selected. Conversely, a sample is defined as "a sub-group of all the group members or the whole population" (Saunders & Lewis, 2018). The research population for this study comprised all SMME businesses currently in operation and all major business entities.

The target population was SMME suppliers forming part of three SD programs within a company and three companies with an SD program. The three major entities were selected as they represented buying firms and were responsible for the development of suppliers. SMME Suppliers, on the other hand, were selected as they formed part of an

SD program, thus having the necessary knowledge and experience to answer the research questions.

## **4.9 Unit of Analysis**

A unit of analysis refers to the exact object being studied as part of the research (Greener, 2022). The research examined how SSD enabled sustainable performance of suppliers within companies. The unit of study's unit of analysis is business owners of the different suppliers/businesses forming part of SD programs within a company across different industries. These suppliers were being studied for their rich experience as participants of a formalised SD program.

## **4.10 Sampling Method and Size**

A sampling frame refers to a complete list of all groups making up a population where a sample will be drawn, while purposive sampling incorporates an element of researcher judgment to arrive at a suitable sample (Saunders & Lewis, 2018). For the purpose of our research, a non-probability purposive sampling method was applied to determine our sample. We approached Companies across different industries with SD programs to gain access to their supplier database for us to select a number of suppliers within the program for our assessment. Three companies with a formalised SD program were selected, and a sample of suppliers was subsequently selected from their database.

Sampling requires an understanding of the population, the context surrounding the research area and possible limitations within the population. In order to be able to extract all themes in a multi-layered context-rich environment, sampling within a correct population is vital (Flick, 2013). A sample size of 15 interviews was conducted. The sample size was made of 13 business owners of suppliers/businesses forming part of an SD program and two supply chain executives who were responsible for the implementation and execution of an SD program, thus representing the buying firm. The two supply chain executives were interviewed for triangulation with the aim of improving data reliability.

More or less Interviews were conducted until no new insight or ideas were generated, which constituted data saturation (Saunders & Lewis, 2018). The sample size of 15 interviews was deemed sufficient as data saturation was reached before the conclusion

of all interviews; the remainder of the interviews were, however, still conducted in honour of the interviewee's commitment to the research.

## **4.11 Measurement Instrument**

An interview guide with all relevant questions was driven by the literature review conducted, and our research question was devised, with questions forming part of the interview guide adapted from similar prior studies. The interview guide questions are open-ended to allow for multi-layered themes and "(a) explore new themes; (b) attempt to test emergent hypotheses; (c) explore feelings and opinions; or (d) gather factual data" (Tracy, 2019, p. 143). Interview questions were simplified without technical words and directed with no ambiguity to unearth all themes, context and codes. According to Tracy (2019), interview questions should be simple, clear, and direct and not drive a certain narrative, which can be regarded as premeditated. Semi-structured interviews are conducted in line with the research guide (Bell & Waters, 2018).

As alluded to above, the interview guide is presented in Appendix C. The interview guide was segmented into two parts, which distinguish between supplier and buying firm-related questions. The first question for both segments allowed interviewees to give a brief description of their experience in relation to SD programs, while the last question allowed interviewees to share any highlights from their participation in the conclusion.

## **4.12 Data Gathering Process**

Semi-structured interviews were used to gather research data for our research. A data-gathering method is selected based on being the most practical, appropriate, and credible way to produce conclusive, purposeful and research question-driven field findings (Bell & Waters, 2018). Structured interviews make use of pre-prepared interview guides and schedules with well-structured and standardised questions for all interviewees.

According to Sliwa (2017), in an interview session, either a standardised or non-standardised protocol is followed. In a standardised session, questions are structured and asked in a rigid order, whereas, in a non-standardised session, questions are asked per the interview guide at the start of the interview, while context drives the sequence thereof. A standardised approach to interview questions was followed to allow for



consistency in data gathering across all interviewees. Using interviews, amongst other qualitative research, grants us an insight into context from the interviewee's point of view, thus context-rich due to the lived experiences of interviewees.

Structured interviews are thus more preferred when there are larger populations and usage of technology in the research interview process, e.g. Virtual interviews and telephonic interviews (Tracy, 2019). All 15 interviews were conducted via ZOOM. The interviews were all recorded with signed consent by all participants. The longest interview conducted was 57.48 minutes, the shortest was 18.57, and the average for all interviews was 36.45 minutes. The interview recordings were then transcribed using an online software called Rev, with data confidentiality still maintained by the researcher. The interview transcripts extracted from Rev were reviewed, and grammatical errors were corrected. Furthermore, all interviewee's names were omitted to maintain confidentiality, with participants referred to by their interview number, e.g. "Interviewee 1."

Additionally, high-level notes were made during interviews by the researcher. These notes were also used in conjunction with interview transcripts for data gatherings.

### **4.13 Analysis Approach**

According to Sliwa (2017), thematic analysis is a tool used to interpret qualitative data for patterns in the data to form themes. Thematic analysis is useful in narrowing qualitative data and developing emergent theories from coded themes. Data coding is commonly used in qualitative research where data is segregated based on common factors, and themes are subsequently established to develop a theory (Flick, 2013; Greener, 2022).

For the purpose of our research, we conduct a thematic analysis of the qualitative data gathered from interviews by identifying initial codes, clustering codes into themes, and reviewing and defining the themes to form a conclusion. The researcher extracted data from interview transcription to form codes using Microsoft Excel. The different codes from interview transcription and notes made during interviews were grouped to form emergent themes clustered around the three sub-research questions. A coding spreadsheet is presented in Appendix F for reference. Most of the emergent themes confirmed what was already identified in the literature review.

## **4.14 Quality Controls**

To ensure the trustworthiness (credibility, dependency, conformability and authenticity) of data gathered from our research, reflective journaling, detailed data analysis and correlation of data gathered with literature review were conducted throughout the research process. Further quality control of research data was achieved through peer debriefing of message codes. These codes were reviewed, reassessed for accuracy and relevance, and updated accordingly throughout the research process in line with research question adjustments (Flick, 2013).

Research studies should be replicable to arrive at similar findings, and data should be verifiable with clarity by different readers to reach the same findings. This process ensures the confidence and reliability of the research, and data should be free from material errors to ensure the validity of research findings (Greener, 2022). According to Tracy (2019), quality research adheres to the following criteria, "worth(y) topic, rich rigor, sincerity, credibility, resonance, significant contribution, ethical and meaningful coherence" (p.230).

Several measures were put in place to ensure this research's trustworthiness, as detailed below. Data was triangulated between suppliers and supply chain executives to achieve credibility of interview data. Furthermore, the data gathered was triangulated against what is already known in the literature. Data dependability was ensured through the recording of interviews, which left an audit trail that can be verifiable. The interview transcripts were retained for future audits. Data confirmability was ensured through the correlation of data against the literature review, which constitutes other researchers' findings. The above measures combined ensure the quality of data gathered and improve the reliability of research findings.

## **4.15 Limitations**

According to Tracy (2019), in the world of research, full perfection can never be achieved, and transparency about the limitations of the research should be outlined to ensure the reader is aware of such. Limitations are important as they pinpoint issues that can be explored further. As we followed a qualitative research method, the method comes with general limitations susceptible to the method itself. Qualitative research findings are difficult to verify as they don't involve numbers but a transcription of messages into codes

and themes. Causality also could not be investigated, and the findings were not statistically presented.

Bias can also arise should the interviewer be preoccupied with ideas regarding the field of study. As part of our quality control, measures such as peer debriefing of codes were implemented to safeguard against some of these limitations. These measures led to the improvement of the research's validity and reliability. Bias could also have occurred from Supply chain executives as they are the managing authority of the supply development program, thus might have been compelled to paint a positive picture of the program. Supplier bias was also possible as they benefited from the program initiatives.

Purposeful sampling involves choosing data, location, population, and activities that are correctly scoped for the purposed research goal to ensure an adequate context-rich population is drawn to reach a conclusion. The sample was only made of 13 suppliers forming part of three SD programs and two supply chain executives forming part of two SD programs. This population is thus too small to achieve the generalisability of findings.

As per Sliwa (2017), thematic codes are key and central to thematic analysis to narrow down the research data into themes. The codes attained were peer-debriefed to ensure the reliability of research data throughout the research process.

#### **4.16 Ethical Consideration**

The research was conducted in line with all ethical considerations of the university. Data was only gathered after the full approval of ethics was granted on 26 July 2023. The ethical approval is presented in Appendix E. All interviewees signed an informed consent letter along with the researcher and were informed about their rights to confidentiality, anonymity and the time commitment for the interview.

#### **4.17 Chapter Conclusion**

This chapter outligned the research methodology to be followed for data collection , a mono-methodological choice of qualitative study was elected for the study along with a purposeful sampling choice. Study limitation and quality measures applied were also highlighted. The methods elected for the research were thus deemed appropriate.

# Chapter 5: Findings

## 5.1 Introduction

Chapter 5 presents findings attained from interviews conducted. The findings are presented under the three overarching research questions per Chapter 3 and further segmented under the different themes identified through data analysis. This research aimed to assess the different enablers and enabling activities within a formalised and structured SD program in achieving TBL, environmental, social and economic performance. The findings, as presented in this chapter, combine two data sources: ESD executives and Suppliers. This chapter will unpack findings attained from two interviews with ESD executives from their differing buying firms and their 13 related suppliers forming part of three different SD programs. The use of two data sources was elected to achieve greater data triangulation.

## 5.2 Overview of the Sample

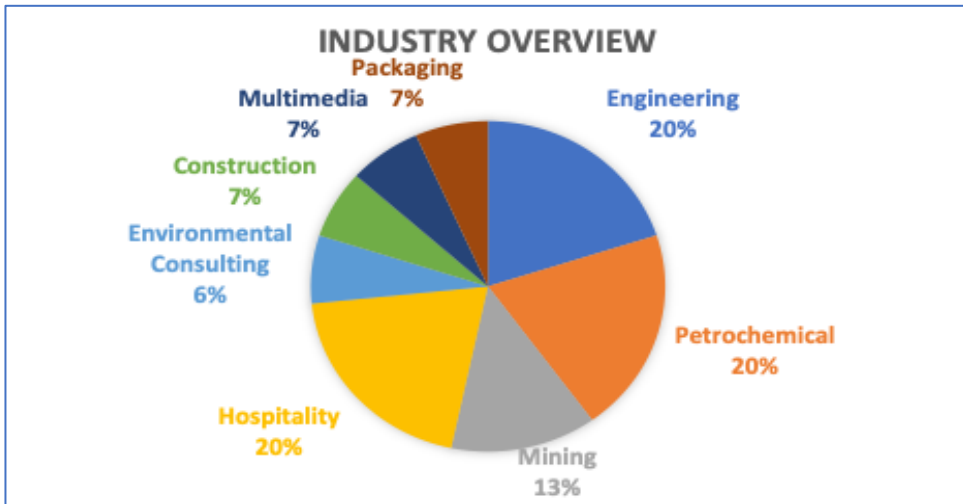
A total of 15 interviews were conducted, see Table 5.1. The supplier interviews were conducted with the business owner, whose responsibility was to oversee the organisation and who was personally involved in the SD program. Two interviews were conducted with SD executives, see Table 5.2. The interviewees were from three different SD programs to attain a variety of experiences, see Figures 5.1 and 5.2. All interviewees' names were omitted to maintain anonymity, with participants referred to by their interview numbers, i.e. Interviewee 1.

**Table 5.1: Interview Summary Details**

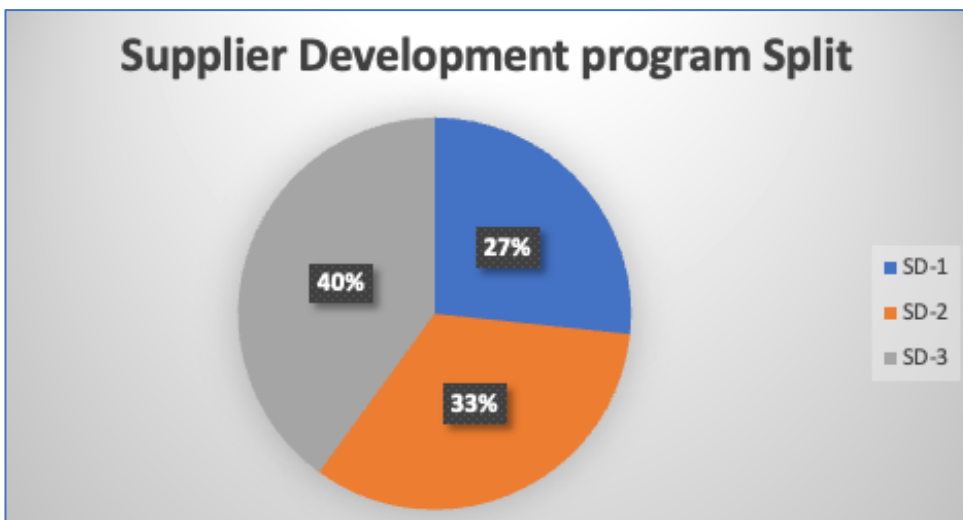
Measure	Details
Total interview conducted	15
Total Interview Time	546.75 Minutes
Shortest interview session	18.57 Minutes
Longest Interview Session	57.48 Minutes
Average Interview Time	36.45 Minutes

**Table 5.2: Interviewee Participants Summary Details**

<b>Interviewee</b>	<b>Gender</b>	<b>Job Title</b>	<b>Industry of trade</b>	<b>Date of interview</b>	<b>SD Program</b>	<b>Interview duration (Minutes)</b>
1	Male	Business Owner	Engineering	28 July 2023	SD-2	36.50
2	Male	Business Owner	Petrochemical	30 July 2023	SD-2	18.57
3	Male	Supplier Development Executive	Mining	31 July 2023	SD-1	37.17
4	Female	Business Owner	Environmental Consulting	01 August 2023	SD-1	37.62
5	Male	Business Owner	Hospitality	02 August 2023	SD-2	38.55
6	Female	Business Owner	Engineering	04 August 2023	SD-2	38.03
7	Male	Business Owner	Petrochemical	05 August 2023	SD-1	36.27
8	Female	Business Owner	Construction	07 August 2023	SD-3	35.22
9	Female	Business Owner	Petrochemical	07 August 2023	SD-1	53.12
10	Male	Business Owner	Multimedia	07 August 2023	SD-3	31.37
11	Female	Business Owner	Hospitality	08 August 2023	SD-3	33.22
12	Female	Business Owner	Packaging	08 August 2023	SD-2	33.42
13	Female	Business Owner	Engineering	09 August 2023	SD-3	57.48
14	Female	Business Owner	Hospitality	10 August 2023	SD-3	23.19
15	Male	Supplier Development Executive	Mining	10 August 2023	SD-3	37.02



**Figure 5.1: Interviewee Distribution by Industry of Trade**



**Figure 5.2: Supplier Distribution by Supplier Development Program**

All interviews were conducted virtually using ZOOM and subsequently transcribed using Rev online transcription software. All interviews were recorded, with all interviewees agreeing to the recording, as evidenced by individually signed consent letters. The researcher manually refined the transcript of the interviews to fix grammatical and language errors. Interview data attained was analysed for codes and themes using a manual Excel process to identify all emergent themes as presented below.

### **5.3 Findings from Interviews**

The below section presents the findings of interviews conducted with 13 Suppliers who were part of a formalised SD program. The 13 suppliers were drawn from three different

SD programs spanning three industries: Oil and gas, mining and metals and Petroleum. The interviewees were all business owners who were personally involved in the SD program and responsible for their related businesses' day-to-day activities.

This section also incorporated findings of interviews conducted with two ESD executives for triangulation and to ensure high data reliability. As contained in the methodology section, the two ESD executives were selected for their detailed knowledge, involvement and management experience across the SD programs over the years. It was also noted that potential bias might arise from the two ESD executive interviews as the executives are ultimately responsible for the success and efficiency of the SD program in delivering on all elements of sustainability. Therefore, the findings attained from these two interviews were contrasted and compared against the rest of the research evidence from other interviews.

The discussion that follows presents the findings of all suppliers and ESD executive interviews conducted per the Research question.

## 5.4 Research Question 1: Primary Enablers of Environmental Sustainability

This question was fundamental to gaining an understanding of initiatives as part of the SD program that support the realisation of environmental sustainability. The questions explored how different frameworks and measures implemented and facilitated by buying firms impact the adoption and subsequent implementation of measures that seek to preserve the environment balanced with suppliers' profit and developmental mandate. Four themes emerged from the interviews; see Table 5.3.

**Table 5.3: Theme: Environmental Sustainability**

No	Theme	Number of interviews mentioned	Interview Reference
1	Regulatory Compliance	7	1,2,3,6,8,9,12
2	Waste Management (Recycling and Waste Separation Management)	9	1,4,5,6,8,10,11,12,13
3	Green, Clean and Renewable Energy	4	1,3,6,15

No	Theme	Number of interviews mentioned	Interview Reference
4	Digitisation of Business Processes	3	4,7,13

### 5.4.1 Regulatory Compliance

On onboarding, suppliers were required to comply with set laws and regulations regarding health, safety and the environment. These guidelines prescribe what to do and what not to do, which ultimately helps suppliers remain compliant with the environmental requirements of the buying firm. These guidelines dictate the correct channels of waste management and recycling measures that drive environmental sustainability. The interview extracts below confirm an accreditation process during supplier onboarding, which includes environmental sustainability measures that all suppliers had to adhere to.

**Interviewee 1:** *"Yes, they do help us with that because it is part of the whole safety, health, environment, and quality (SHEQ) profiling. We do have the procedure for environmental management as part and parcel of the SHEQ file for ESD program onboarding."*

**Interviewee 9:** *"They have policies, your health, your safety, your security, those are policies that they all have."*

**Interviewee 12:** *"The buying firm is very strict when it comes to safety protocols and safety measures and whatever. So, when I did my accreditation before they could give me a contract, those were some of the questions that they asked: how do you get rid of your waste? And then you had to say, how do you get rid of the waste? So, luckily, by then, because we were already operating, we were selling most of our off carts, and it was winter when they came, so it was easy."*

Regulatory compliance was one of the key aspects of the supplier selection process. All suppliers part of the program had to meet certain safety, health and environmental requirements and were continuously reassessed annually to remain part of the SD program. One of the ESD executives supported this, as per the extract below.

**Interviewee 3:** *"So there are requirements that we put in depending on the category of the services that the supplier provides. I think I need to put a differentiator on that one. Our HSSE process covers health, safety, environment, and all that stuff. And they are for instance, there is an accreditation process that they've got to go through before they can*



*do any work with us. And that accreditation process is renewable. So, it gets tested on an annual basis. "*

Most SMME suppliers do not possess the technical expertise to remain compliant with environmental regulations due to their stringent nature. In this instance, the buying firms not only dictate the SHEQ requirement to suppliers but also assist suppliers in developing and implementing best practices to ensure overall compliance as part of their development mandate.

***Interviewee 1:*** *"Furthermore, they assist with developing a safety and quality file, which is critical and required in the industry we operate it. They refer us to a consultant to assist us in this regard."*

One participant raised a concern about the stringent nature of SHEQ requirements imposed on them and the evident misalignment with her profit goals. Most SMMEs struggle to survive and remain profitable. She highlights the incremental burden the regulatory requirements have on her operation and the lack of profit opportunities from the stringent process.

***Interviewee 9:*** *"For me to remain profitable, I need to have work, and if I go through the whole stringent process of getting accredited, which is not for the fainthearted, then at least reward me with work when I make it to the other side. If I don't have work, then I can't sustain my business. Then there's no profit."*

## **5.4.2 Waste Management**

Various schemes to preserve the environment from incorrect waste disposal were adopted by most suppliers in the SD program. Measures including reuse, recycling and residual management of waste were encouraged and, at times, regulated and formalised as part of the ESD program contract. Suppliers expressed their commitment to waste management in general, as per the interview extracts.

***Interviewee 1:*** *"Waste management is key; we work in a controlled environment and don't want to contaminate water and oil. Our oil waste is disposed of in an environmentally friendly manner in separate containers, where the relevant companies collect and dispose of them in the right way to avoid contamination."*

**Interviewee 5:** *"Environmental sustainability is making sure when you are working with products you are disposing efficiently. Let's say, for example, we use oil a lot, and we make sure that the oils that we use do not end up in the drain or end up in the rivers or something."*

#### **5.4.2.1 Recycling**

Suppliers adopted recycling to manage waste. Instead of disposing of some of the common waste, suppliers undertook to recycle the waste into other usable products or hand over the waste to qualified recycling entities to carry the burden of recycling. This measure was favourable as it reduces pollution and is cost-effective as the responsibility and cost can be transferred to third-party recycling entities. Suppliers highlighted the fact that their choice of environmental initiative is also driven by the cost involved as they bear the cost and not necessarily the buying firm. Recycling was heavily supported by most suppliers, as shown in the extracts below.

**Interviewee 4:** *"We've got a recycling program for our papers. Basically, most of the things that we do are office-bound. The little that we can do within our organisation is the recycling of papers, which we do."*

**Interviewee 6:** *"For instance, we are big on oil recycling. We've got people that come and give us certification; they collect the oil."*

**Interviewee 11:** *"Then, with papers, boxes and plastics, there's a lady who comes and collects them. With the tins, we dispose them to the municipal big bins that they provide on the street."*

**Interviewee 13:** *"I used to print paper and throw it away, but now I'm recycling paper because then it means I don't have to buy a lot of paper. Not a lot of trees have to be chopped down."*

#### **5.4.2.2 Waste Separation**

Another initiative of waste management implemented by some suppliers was waste separation. Waste of different types was separated into marked bins for third-party recyclers to come to collect and carry the burden of recycling. This process seemed favourable as the burden of recycling then falls on the third party, and suppliers receive a certificate of compliance when a third party has picked up the waste. One supplier also indicated the financial benefits they derived from this through qualifying for discounts for

further purchases for exchange of tyres when they arranged with tyre makers to collect all the old tyres for recycling purposes and receive discounts on new purchases.

**Interviewee 6:** *"We have disposal bins for different types of waste that we need to recycle. We have, for instance, ink cartridges waste, so we found people that we give the cartridges away to after use, and they give us certification for correct disposal."*

**Interviewee 8:** *"It also depends on the project that we are doing. I have seen on the project where we are doing fencing, we normally make use of different bins to put waste that needs to be thrown away, and they are marked accordingly with third parties that come and collect those scabble or metals to throw them at the right places."*

**Interviewee 11:** *"With our waste, with wet waste, we got people that come and collect that type of waste, we've got an agreement with them. They come and collect it, with plastics and boxes we make use of three method separation."*

### **5.4.3 Green, Clean and Renewable Energy**

The importance of green and renewable energy as a way to foster environmental sustainability was highlighted. The shift from using fossil-based energy sources, including oil, which is pertinent to most suppliers' operations and the high dependency on ESKOM-generated electricity was identified as a key enabler to overall sustainability. It was noted that the adoption of Green, Clean and Renewable energy is still expensive for most SMME suppliers, with only those who are financially capable expected to adopt. Irrespective of the cost, the knowledge of different green energy initiatives has been fully embedded as part of the program and transferred to all suppliers to encourage the adoption. The above assertion was highlighted in the below extracts:

**Interviewee 1:** *"They demonstrate to us how to work in an environmentally friendly environment. Their buildings are not built using brick and mortar so as to be more environmentally aligned. They teach us about the green-friendly environment and green energy."*

**Interviewee 6:** *"We are also completely off the grid. We use a complete solar system to power our operation as we operate from a plot away from any electricity infrastructure. Our off-grid system has since proved to be very convenient, especially with the challenges of electricity."*

**Interviewee 15:** *"So we do encourage them, especially from an energy point of view, to use renewable sources of energy, but from our suppliers, it's more on us as a business*

*to do that. And I mean, they can change and that, but it wouldn't really shift any of that much from our side."*

A key point was raised that environmental sustainability requires scale for efficiency, the impact from SMME suppliers' adoption effort being important but at the same time having minimal impact on the overall sustainability objectives. Suppliers, however, are still required to align with the transition to clean energy for future prospects. This point was further reiterated in the extract below, which talks about the transformation of suppliers who are part of the SD program to take part in the transformed renewable energy-driven future.

***Interviewee 15:*** *"I think just transition is just one of those journeys that we need to make sure that small businesses are aligned to that."*

It was worth noting that one of the ESD executives noted that the implementation of environmental sustainability measures at the supplier level is still a new concept within their organisation, which is mainly driven at the global stage rather than at the local level for the multinational. As such is not being implemented internally, it is also not expected of their suppliers to partake in such initiatives at the current moment.

***Interviewee 3:*** *"But if you look at the other side of it, which is more the noisy part of sustainability today, it's very new in these processes, and it also depends on which services these suppliers provide. So, if you look at the logistics ones, we are very particular about what the truck emissions should be and things like that. But it's not something that we have enforced a lot at this point. But I think it's material that's currently being developed. We get that globally. I mean, they can answer that question much easier than us because I think the pressure comes from the top."*

#### **5.4.4 Digitisation of Business Processes**

Some suppliers alluded to the shift from a paper-based process to a digital-driven environment. The reduced use of paper and migration of meetings online to save the environment from pollution emanating from driving emerged as a theme. It was, however, noted that this theme was more prevalent in service and consulting-based organisations than industrial manufacturing-based suppliers. The drive to digitisation was also influenced by the recent COVID-19 pandemic, which rendered travelling impossible for

most suppliers. The below interview extracts supported the migration to a digital-based environment.

**Interviewee 4:** *"In terms of our travel, we limit that, and in instances, there is an opportunity to have a Zoom meeting as opposed to going for a meeting. We do that in terms of trying to cut off on the kilometres."*

**Interviewee 7:** *"Previously, we would really print a lot in consulting, and I think since the world of COVID-19, we really print less. Most of our stuff is digital, and We hardly print. We work on the cloud; we don't print scans, and everything is pretty much digital. That, for me, is how we do it."*

**Interviewee 13:** *"If we can do the things electronically and sign it electronically and send it, we do that. We are trying to implement some of those things which we learned in ESD program subjects."*

#### **5.4.5 RQ1: Summary of Findings**

The above section presented findings obtained from ESD executives and suppliers regarding drivers that enable environmental sustainability. ESD executives highlighted the use of regulation and internal policies to drive adoption. Suppliers were subjected to an accreditation process that was renewable annually to measure their compliance. Another theme that emerged was the adoption of renewable and clean energy to limit emissions and decarbonise, along with waste management in the form of both a waste separation process and a recycling process. These constitute the main themes highlighted by ESD executives.

Suppliers, on the other hand, corroborated all the themes that ESD executives highlighted. Suppliers alluded to the stringent accreditation process that focuses on the buying firms' health, safety and quality requirements. Suppliers also alluded to several waste management initiatives, including waste bid separation and waste recycling either directly or through a third party. Suppliers also confirmed the adoption of the green energy initiative. However, it was noted as an expensive exercise by both supplier and ESD executives.

One theme that only emanated from suppliers without triangulation from ESD executives was the digitisation of business Processes. The shift from a paper-based world to an online and cloud-based environment did not feature in ESD executive evidence.

## 5.5 Research Question 2: Primary Enablers of Social Sustainability

To achieve overall sustainable performance, an entity's impact on its most important stakeholders, including employees and its host community, should be assessed. This question ought to identify aspects of the SD program that uplift the community and its collective members, thus meeting the needs and expectations of society and internal employees. Four themes emerged from the interviews; see Table 5.4.

**Table 5.4: Theme: Social Sustainability**

No	Theme	Number of interviews mentioned	Interview Reference
1	Local Employment	6	1,2,3,9,12,15
2	Local Training and Development (SMME)	5	6,7,8,10,13
3	Corporate Social Investment (CSI)	11	1,2,3,4,5,8,10,11,12,13,14
4	Employee Wellness	2	7,11

### 5.5.1 Local Employment

Localisation through the employment of community members from within the area of operation of the buying firm was identified as an enabler of social sustainability. Suppliers forming part of the SD program were required and encouraged to create employment opportunities for community members within the buying firms' host communities. As suppliers were empowered with contract opportunities and developed to expand their businesses, they were then expected to empower others through the absorption of the unemployed local members.

**Interviewee 1:** "As part of the incubation process from our company point of view, we employ local people around our communities. We target those people who are newly qualified and the people who are born and bred in the environment we operate as part of our social responsibility (localisation)."

**Interviewee 2:** "Furthermore, they employed 22 local guys from the community."

**Interviewee 9:** *"It doesn't matter whether we are working in the suburbs or in the townships. Local labour or localisation has a very big impact on how we must execute and manage our projects. We must be mindful not just of the social state status and standpoint of where we are going. People don't have work, so when you go in there, you got to be mindful of it."*

ESD executives also anchored the call to hire locals as an important vehicle to empower the community at large; as suppliers are being empowered and their businesses are being accelerated for growth, they also had to bear the responsibility of empowering others.

**Interviewee 15:** *"So obviously, the first thing is around local procurement and local employment. So we try and encourage them as possible to source locally as possible. Most of them came on board because they were local contractors. So we encourage suppliers to pay it forward."*

**Interviewee 3:** *"In our projects, we hire what you call community liaison officers to make sure that it's the people from that community."*

### **5.5.2 Local Training and Development (SMME)**

Localisation extends beyond just the creation of local jobs but also affords community-based suppliers an opportunity to partake in the overall supply chain of buying firms through collaboration and subcontracting with empowered SD suppliers. As supplier firms do not have the capacity to employ all unemployed host community members, they had to extend a helping hand to transfer some of the key skills they have learned as part of the SD program to other community members and businesses. This was to upskill and capacitate other locals to afford them the ability to pursue vast opportunities within the general business environment and economy at large.

**Interviewee 6:** *"I'm very big on training people. So, I normally source my people from local communities within the township, especially women, because I feel like women are still on the back foot in terms of being equal in the workspace. I don't mind training somebody for four to five months just to make sure that they get uplifted."*

**Interviewee 7:** *"I involve them in training. I involve people in market research, where I send people to service stations to observe customer service standards or when we do research on general motorists. I get young people, give them a bit of communication*

*training, and then unleash them out there to go talk about rather than go do market research on motorists or at service stations."*

**Interviewee 10:** *"For us, the biggest social contribution is our internship program where we just take young guys from varsity, sometimes even straight from school. We've got one guy straight from school now, and we train them, and if they're very good and eager to learn, then they eventually get a job with us."*

An ESD executive further asserted the importance of capacitating other local suppliers to fill in the gap where certain goods and services required as part of buying firms' agreement with SD suppliers cannot be sourced locally. This further extends a pool of community-based supplier beneficiaries to a larger group. The buying firm executive alluded to getting involved in training other value chain suppliers within the community to complement and supplement their SD suppliers.

**Interviewee 15:** *"So It doesn't make sense that you're mining money out of a community, but 80% of the service providers are not from the community. So sustainability means embedding your supply chain opportunities in a way that they benefit businesses from those source communities."*

**Interviewee 15:** *"And if there are opportunities where they say, look, I would buy this from some local person, but there's just none of the capabilities, then we can develop someone that we can feed into that opportunity over time."*

### **5.5.3 Corporate Social Investment**

One major theme supported by the majority of suppliers was CSI. Suppliers highlighted the importance of giving back to local communities through their involvement in different forms and types of charitable donations and contributions. Suppliers anchored the importance of giving back with the little resources they had. Some of these measures seemed personal to some business owners, while to some, they stemmed from a compliance point of view. CSI commitments were at times built into a supplier contract depending on the volume and value of their contract, with those still at the inception phase not obligated but encouraged to participate.

**Interviewee 1:** *"With charity, we were encouraged to partake in such during training. It is just a matter of the individual company to continue to do so. It is something that was mentioned during our training that as a businessperson, you must be charitable around your community."*



**Interviewee 4:** "So, whatever that I do, it'll just be out of my own doing. However, it's not really reported on. So, I would maybe assist people from my village with their registration or their tuition. There is no budget set for it; thus, it is not structured to say, this is the budget to achieve A, B, C."

**Interviewee 5:** "I'm a member of the Presbyterian church, so in any way that I can help at the church because there's always donations that are required, and you'd always find that there are schools that require donations."

ESD executives anchored the above assertion. Suppliers were encouraged to pay it forward by giving back to the less fortunate and creating opportunities that seek to empower communities at large. This was illustrated in the below remarks from ESD executives.

**Interviewee 15:** "We also encourage them to pay it forward. If there's a soccer team, there's a Mandela Day initiative, can you basically add on to what you're doing to create greater impact? But these are things that are non-committal. We don't believe that you should force people to do social good ."

Suppliers were at liberty to choose a CSI initiative of their own. The buying firm not being too prescriptive allowed suppliers to give back in a manner that really talked to their hearts and beliefs and was also in line with their financial resources. There was no blanket around what charitable initiative the supplier should partake in.

**Interviewee 2:** "We're operating a Soup Kitchen where the community can come and have a meal for free, so basically, the community knows that if they're hungry, we are here to help."

**Interviewee 8:** "We normally pay supplier development levies where, at the end of the day, we pay for less disadvantaged kids for their school fees or tuition fees. And then normally, within the company, we make different donations to schools."

**Interviewee 10:** "We've done some other activities, Mandela Day activities where we contribute or donate some things of value to various organisations that need those kinds of things."

**Interviewee 14:** "I'm giving back to the community, and currently, I'm building an orphanage home. Monthly, I'm giving the groceries to the disadvantaged home, and weekly, I'm giving the food we can't sell to the orphanage also."

Some interviewee highlighted the fact that they haven't done much with regards to their CSR. However, they are in the process of drafting a CSI framework as part of their continuing relationship with the buying firm. Buying firms require as part of their renewed contract social target that will be measured as part of their performance.

**Interviewee 12:** *"We haven't really done much, but there is a document that is drafted that we now want to pursue and see if we can do things. So, the homework that I gave everybody was for them to identify things that we can do as part of their incentive. So, I believe that maybe in the next two years, again, we would've done a lot with regards to contributing positively to social issues around the area or maybe anywhere else."*

**Interviewee 13:** *"It is now part of our contract, so we have contracted on it, and as I said, I'm busy with a framework in terms of having targets and being able to then even follow these things up. I need to be submitted to the buying firm for monitoring."*

#### **5.5.4 Employee Wellness**

Another theme that emanated from interviews was employee wellness. Some interviewees alluded to employees being some of the key stakeholders of their organisation and thus the need to create a conducive, healthy and happy working place. Employee relationship formalisation through contracts between employers and employees and wellness activities to nurture employees' well-being formed part of their internal systems as shown on the below extracts.

**Interviewee 7:** *"The Human Resource module did talk about that on really formalising the relationship with the staff that we have. It did touch on that bit as well in all respects of all respects of labour law."*

**Interviewee 11:** *"In terms of our employees, there's a time whereby we do call the doctors for wellness. We do call for people who are in finance just to come and help us to be aware of how to save money and how to avoid unnecessary expenses. Sometimes, when it's a woman's day, we will have a session with the ladies whereby we invite the paediatrician to come and advise them about their skin, how to take care of their skin."*

#### **5.5.5 RQ2: Summary of Findings**

This section analysed initiatives that drive social sustainability. ESD executives highlighted localisation as a powerful tool to grow and develop host communities. The two main mechanisms to drive localisation were the employment of locals and setting

aside a portion of the entity's supply chain contracts for local-based suppliers. ESD executives further alluded to the transmission of knowledge through training and development to other locally based suppliers and their involvement in charitable initiatives as part of their CSI strategy.

Suppliers corroborated both the concept of localisation and CSI to drive societal changes. Suppliers were encouraged and, at times, through contractual terms, required to empower locals through employment and CSI initiatives. Suppliers also highlighted the role employees play in the efficient operation of their entity and the inclusion of employee wellness to drive social sustainability. This incorporates fair labour rights, conducive working conditions and equality of employees.

## 5.6 Research Question 3: Primary Enablers of Economic Sustainability

SMMEs, over the years, have failed dismally when measured on the basis of economic sustainability. Most entities fail to scale up their business, expand and remain profitable over a long period of time, with most Small businesses having confessed their driver to joining an SD program being to achieve economic sustainability. The quest to remain profitable and grow in the long run is one of the key focus areas for business leaders. It was thus fundamental to enquire about SD-specific measures and initiatives that enable them to achieve economic sustainability. Three themes emerged from the interviews; see Table 5.5.

**Table 5.5: Theme: Economic Sustainability**

No	Theme	Number of interviews mentioned	Interview Reference
1	Market Access	10	1,2,3,5,6,7,10,11,12,13
2	Financial Support (Grants Funding, working capital, capital expansion loans)	11	1,3,4,5,6,8,10,11,12,13,14
3	Operational Efficiency	11	1,2,4,7,6,7,11,12,13,14,15

## 5.6.1 Market Access

Most SMMEs experience challenges with accessing formalised markets to trade. This is normally due to stiff competition from major industry players and the high trade barriers susceptible to certain industries, making it a challenge for SMMEs to remain profitable. With the phenomenon of globalisation and advanced technology, buying firms are no longer limited to acquiring goods and services from local-based suppliers, thus exacerbating this challenge through robust competition introduced by international suppliers partaking in the local supply chain. Enabling suppliers to access formalised markets and a vast pipeline of work opportunities was thus noted as a key driver of economic sustainability. Suppliers highlighted the ability of the SD program to grant them access to both the internal market of the buying firm and the industry-wide market of trade. Suppliers also noted the brand equity of the buying firm and their capital expansion loans as a key element to unlocking value and accessing wider opportunities, coupled with continuous support through contract extensions and renewals for SD suppliers.

**Interviewee 1:** *"The SD program supports me and also exposes me to opportunities. They even curate opportunities for me, which they did actually when they introduced us to the STEAM Conservation business."*

**Interviewee 2:** *"The volume we are selling in our business. The Brand recognition is strong, thus not requiring much marketing as people resonate with the brand."*

**Interviewee 6:** *"Network of finding job opportunities. We were recently selected to work with a company called Insole that was looking for two black companies to work with for equipment hire."*

**Interviewee 10:** *"So whenever we mentioned that we work with the buying firm that tends to attract a lot of customers to us, but also because they gave us work, they've been our anchor client since 2018, and it just took our business to a much higher level than we were in 2018."*

Some suppliers expressed their gratitude to the buying firm as they constitute their anchor client. These suppliers were given work at the initial stage of the program and more work as they developed more capacity and capabilities, making the buying firm their biggest client and revenue generator.

**Interviewee 10:** *"The work that they kept on giving to us and how they became our anchor client."*

**Interviewee 12:** *"Currently, the buying firm is my biggest client. I'm busy in the process of taking on another client as part of the mentorship program. It was one of my biggest concerns that I want to grow a business and not have only as my customer."*

**Interviewee 13:** *"Even when I came into the program, for instance, with the buying firm, I only had two sections in 2019 that I was contracted to service, but come 2023, when they were giving us a new 5-year contract, they also extended our scope to cover three sections."*

ESD executives further affirmed contract renewals and extension as one of the initiatives that drive continuous market access for supplier and also delivers value to buying firms from discounted costing as a result of a successful SD funding initiative. The ESD executive further highlighted the need to support suppliers not only with a pipeline of opportunities within their own organisation but also to facilitate access to a larger market of other external buyers and related organisations, as per the below extracts.

**Interviewee 3:** *"But I think it all comes down to us always trying to make sure that they at least have work, especially if they're project-based suppliers. It's easier for the other ones that have a consistent basis. For a maintenance contract, for instance, we generally give them a contract for three years, which means for the next three, they are sorted."*

**Interviewee 3:** *"As I mentioned earlier, with smart procurement as an example, which is a platform that they can go on, smart procurement runs conferences or exposes, and we take suppliers and smart procurement markets them to a broader population of buyers that are out there, those type of things."*

## **5.6.2 Financial Support**

It was noted that most of the SMMEs at SD program onboarding showed signs of financial distress with inadequate working capital and access to funds for capital expansions. Many suppliers have indicated the ability to access financial support as being a key driver to joining the SD program. One of the unsurprising themes that was alluded to by most suppliers on the program was the financial aid in its different forms that enables them to remain economically viable during and after partaking in the SD program. As several SMMEs struggle with the financial capacity to grow and expand their market, the program was curated to include a vast pedigree of financial support products.

**Interviewee 6:** *"They have offered us financial assistance, but also in terms of ensuring that we invoice on time to ensure that we get our payments on time."*

**Interviewee 12:** "One of the reasons why I wanted to join the program was to get financial assistance in terms of maybe the assets that I needed to run an efficient and effective business and maybe some little bit of machinery if I could."

**Interviewee 13:** "I remember even when I was first onboarded, we did not even know that there is a grant or low interest or interest-free loans that the buying firm was offering to their ESD partners."

**Interviewee 14:** "I didn't have enough funds, so that's why I decided to join the ESD program to get funds so that I can expand my business because they were helping a lot of small businesses."

The ESD executives supported the above assertion of multiple funding mechanisms provided to suppliers. Funding was expanded in the form of grants, working capital funding and loans to suppliers making use of third-party funding partners to facilitate the process. One executive also indicated the significant value of grant and loan support to date, which shows their commitment to supporting and building SMME suppliers.

**Interviewee 15:** "We provided zero-interest loans and grant funding. We probably done under a billion rand in five years in terms of funding as part of the SD program."

**Interviewee 15:** "I mean, if you give away R200 million as a grant, it doesn't really sink the business because our core business is to give out money so we can take a gamble and support some of these young black entrepreneurs that do not have access to venture capital, to angel investors and commercial banks deem their ideas to be risky."

**Interviewee 3:** "And then fourthly, if they need financing through the processes that we have with our funding partners, get the money to operate."

### **5.6.2.1 Grants Funding**

Some of the suppliers were offered grants as part of an accelerated growth approach by the buying firms. These grants were offered to some of the smallest SMMEs lacking the basic financial support to acquire basic equipment to execute their allocated work. These were not repayable and emphasised the commitment and investment that the buying firm was making for the greater good of its suppliers.

**Interviewee 4:** "The buying firm gave us how much? R46 000 for a specialist project."

**Interviewee 10:** "So I think in 2018 when we got onboarded, they gave us our first grant, our business really changed for the better, and it grew to something bigger than it was before mainly because of our association with them."

**Interviewee 14:** *"We got the grant. That was my benefit. It's not easy to get the grant where you're not paying anything; hence, it was the biggest benefit for me."*

### **5.6.2.2 Capital Expansion Loans**

For some medium to large SMMEs forming part of the program, Loans to expand their businesses were offered. These were long-term loans payable at lower interest rates and at 0% interest rates for some SD programs. The capital expansion loans were critical to expanding suppliers and their ability to access further markets, as highlighted in the extracts below. Capital expansion loans allowed most suppliers to build a good asset base. These are useful even after participating in the SD program and can also be used to service other new clientele.

**Interviewee 1:** *"For example, there was a time I needed a bakkie because of the nature of the work I was doing. The SD program helped me to get the bakkie through a third party."*

**Interviewee 8:** *"I have managed to buy a truck and a bakkie, which, even after being part of the ESD program, we can still use for other projects."*

**Interviewee 8:** *"They are Zero-rated loans; no interest is levied on them, which is good as compared to what interest rate you'll have to pay through the banks."*

**Interviewee 11:** *"The asset that they gave to me. It made a difference. I appreciate it. I mean, on my own, I couldn't afford to buy a truck. The truck that could take me two years to raise that money. At least now I do have it, and I don't owe anything to the bank, similar to some other utensils. I do appreciate it."*

Some interviewees expressed gratitude to the SD program by quantifying the assistance they received in value terms. It was the first time for most SMME suppliers to receive some of these amounts throughout the existence of their businesses. The interviewee also raised the fact that, should they have approached a commercial bank for these amount of funding, such would not have been granted as they would not possess the necessary security to be granted the loan.

**Interviewee 10:** *"In the past year or so, we needed a crew bus and the big server for our production house, and they were able to advance a loan for us of around R1.5 million. We also battled to repay the loan, but they assisted us with restructuring the loan and so on. They have a whole lot of patients that the banks would not have; they're developmental in Outlook, and that's what's kept us going."*

**Interviewee 12:** *"I went into the program, and I got financial assistance, which was all the assets that they bought me, which amounted to about R5 million."*

An interesting point was alluded to by some suppliers who, irrespective of their gratitude for receiving funding, were concerned about the short repayment periods offered, putting pressure on their business to repay the capital loans. An administrative inefficiency was also raised as some loans were dispatched much longer after approval, putting pressure on suppliers to continue to fend for themselves elsewhere.

**Interviewee 8:** *"To me, it was so frustrating because I got a lot of money, but the repayment period was too little. At the end of the day, I had to push harder to be able to pay that money back."*

**Interviewee 11:** *"When the money came, it was no longer serving any purpose as it was delayed. I had a problem with their timeframe."*

### **5.6.2.3 Working Capital**

Small Suppliers normally operate on a cash crunch without enough cash to fulfil their contractual obligation. Suppliers with standing contracts and valid purchase orders were given PO finance as part of the program. This prevented them from running to commercial and non-commercial short-term lenders as and when they had to execute a project or supply goods and services. This also safeguarded the buying firm as it guaranteed delivery on time and no production disruption would occur.

**Interviewee 1:** *"For example, I have got loads of purchase orders from which the SD team then introduced me to the Purchase Order Finance that I didn't even know existed before."*

**Interviewee 12:** *"If you want to finance your order that you got from them, if you have a contract and you don't have any money for operating expenses, you can take a loan. So there's always that support that helps you to succeed."*

### **5.6.3 Operational Efficiency**

SMME suppliers are faced with challenges with regard to their costing methodology, costing controls and systematic management approach. The SD program capacitated suppliers with the know-how, skills and technology required to run an efficient operation. Experts were employed to assist suppliers with their accounting and management



accounts to improve efficiencies. It was highlighted that financial support without technical support was ineffective in driving sustainability. Suppliers need to have the know-how to manage funds expanded, their day-to-day operations, risk identification and mitigating measures, which is central to running a successful business. The success of these initiatives was endorsed in the below interview extracts.

**Interviewee 1:** *"There are external parties that the SD program calls to come to show us different aspects of business, such as accounting so that we can understand how the balance sheet is read, how to do an income statement and other aspects."*

**Interviewee 7:** *"For example, one of the things I couldn't answer is which customers are profitable, how to do you price, etc. They then got what you call a specialist intervention. These guys who came in and worked on our management accounts and assisted us in enhancing our management accounts from just simple to really a good set of management accounts, looking at all of the various service lines and then recording revenues and transactions by line, allocating costs, including consultants by service line etc."*

**Interviewee 11:** *"The second one, they've put us in a financial program by the South African Institute of Chartered Accountants (SAICA). It was also very helpful because those guys supported us all throughout the year. It was a year program as part of the SD program. Then also they put us on a program by Gordon Institute of Business Science (GIBS) of which it was a year course on contractor management, which also was very helpful."*

**Interviewee 14:** *"It was on financial management, and if you don't have an accountant, they were helping you for one year with bookkeeping and with your management account."*

The SD program went further to capacitate the different entities with access to different management and operational systems to promote the shift from manual processes to a system-based approach. Project management systems and procurement-based systems like SAP Ariba were introduced to suppliers to harness efficiencies.

**Interviewee 6:** *"The support we got to acquaint ourselves and master systems like ARIBA really helped us because initially, we didn't know what to do."*

**Interviewee 7:** *"Now I have a project management approach, and I have a team trained on it. We have software where we'll be doing this paperless online following project management principles and that we can use with the client to give them updates and*

*tracking of the entire project, which is really another level of operation which positions us to them as a professional outfit."*

**Interviewee 12:** *"I think the fact that they empowered us with systems so that we are able to manage so that I'm going to speak for myself so that I'm able to manage the business even if I'm not physically there."*

Improving suppliers' operations to build efficiency was also highlighted by one ESD executive. It was asserted that financial support without technical and operational support was meaningless, which can lead to the destruction of value. Suppliers had to be capacitated and skilled in all dimensions for overall success as captured below.

**Interviewee 15:** *"For the guys with contracts, he's got good funding, his balance sheet has improved, etc. But if there's no one who sits down with him and basically analyses his management accounts on a consistent basis to identify the key cost drivers, how do we reduce those? So the SAICA initiative does exactly that."*

#### **5.6.4 RQ3: Summary of Findings**

The above segment of the report presented findings of initiatives that drive the economic growth of suppliers. ESD executives alluded to making use of different funding models (Financial Support) to capacitate suppliers and grow their asset base in preparation for expanding their market opportunities. ESD executives also alluded to creating market opportunities for both internal and external buying firms. Opportunities to service other clientele, inclusive of export exposure, formed part of the program. A number of initiatives to improve suppliers' costing and operational efficiency were also undertaken with the involvement of external stakeholders like SAICA.

Suppliers corroborated and confirmed the above themes with no hesitation. Supplier confirmed receiving grant funding, loans to expand their asset base, as well as working capital funding in the form of purchase order funding. Suppliers also alluded to opportunities to expand through contract extensions and the brand equity of buying firms that allowed them to attract and contract other clients. The initiatives to drive down their operation costs, improve margins, and introduce management systems into their businesses to drive efficiency were also highlighted. As per above, the evidence obtained from the ESD executive was triangulated and confirmed by suppliers.

## 5.7 Secondary Enablers of Sustainability (Environmental/Social/Economical)

A number of themes that cut across all elements of sustainable performance were identified as enablers of overall sustainability. These factors are not limited to an area of sustainability but occur at a general level. Training and development, monitoring and evaluation and the involvement of third-party contributors in the SD program were highlighted as secondary enablers supporting the primary emergent themes discussed above, see Table 5.6.

**Table 5.6: Theme: Secondary Enablers of Sustainability**

No	Theme	Number of interviews mentioned	Interview Reference
1	Training and Development (Including Mentorship and Coaching)	11	3,4,5,6,7,9,10,11,12,14,15
2	Monitoring and Evaluation	7	3,4,6,7,8,10,15
3	SMME Ecosystem Creation	7	3,5,6,7,10,12,15

### 5.7.1 Training and Development

Training and development of suppliers on financial and non-financial aspects of the business was anchored as a contributor to sustainability. Training and development that cuts -across all disciplines to equip suppliers in managing their business better, expand their knowledge base and grant them tools and expertise of trade was central to creating sustainable suppliers. Suppliers were trained on core business concepts of management, human resources and payroll, amongst others. Environmental and social-focused training and other general-related training were offered, as evidenced by the remarks below.

**Interviewee 4:** *"In between, we'll have bootcamps. Like a normal Masters in Business Administration (MBA) program, you will have Human resources, finance, you've got that. In between, you will go for a day where they say you've got a Human Resources (HR)*

*boot camp, and then they bring a specialist, and then we do that to say, okay, how do you manage A, B, C? How do you deal with contracts and so on."*

**Interviewee 7:** *"We have boot camps. You've got quite a structured approach taking us through as entrepreneurs through Human Resources, sales, strategy and many other things."*

**Interviewee 12:** *"Then I went to that skill and development, that incubation of training and development that they gave us, which spoke about a lot of things that touch your business, like your financial management, payroll, quality management, safety, ISO's, inventory management, so skills and development into my business."*

**Interviewee 14:** *"I've got the training. The training from SAICA, the grants and GIBS training."*

The ESD executive also highlighted the importance of training and development of suppliers as per the interview extract. The SD program entered into a training and development arrangement with one of the leading business schools in the world to design a mini-MBA program to train suppliers on different aspects of the business, including Human resources, Payroll function and contract management, amongst others.

**Interviewee 15:** *"The other thing has been around non-financial support, where we've picked up that there's a couple of gaps that we need to close quickly. You can give a good contract and give them good funding, but you don't manage it. If he/she is not able to manage his business well, he puts the business at risk if you can't manage finances. So we have got a couple of programs that talk to a management development like a mini MBA for first-time mining contractors as well as a financial excellence program that we are running with GIBS to manage financial management capabilities."*

Some suppliers, even though they appreciated the positive impact of training courses offered across all elements of sustainability, made reservations about the general nature of some of the teachings in comparison to their business operations. One supplier also alluded to the disconnect between some of the training and the bottom-line mandate of profitability. Due to the number of suppliers onboarded and being trained on the program, it is sometimes impossible to design a training initiative that addresses all suppliers' current needs.

**Interviewee 4:** *"I don't want to be going through a classroom where they say, do you have an HR manual? Do you have an HR policy? Do you have those things? I can have them or not have them, but it does not affect my bottom line."*

**Interviewee 5:** *"The downside is basically what I've just mentioned; it's highly generalised, and it's not really specific when you're running an establishment that you are growing by yourself."*

### **5.7.1.1 Mentorship and Coaching**

A sub-theme to training and development resonating with many suppliers was the positive impact of mentorship and coaching offered as part of the SD program. Supplier commended the support they had received from their mentors as a key enabler to some of their success. Mentors were reachable and constantly available to assist suppliers with their specific concerns and provide support. It was also noted that not all SD programs evaluated came with a complement of mentor allocation for all suppliers.

**Interviewee 4:** *"The benefit for me is to have a mentor whom you can talk to when you want. Fortunately, the one that I have, we align on many things. We can talk. I think there is a future. We have that kind of relationship where you've got someone that you can talk to even after the official program is done."*

**Interviewee 11:** *"The benefits that we did benefit from, I think in 2021, they gave us some mentors. They gave us a mentor, which for me it was very beneficial."*

**Interviewee 12:** *"I'm working with a company called I am an entrepreneur. They do mentoring of small business owners, and they take you through all the things that you need to know."*

The other ESD executive, however, pointed out that their way of developing suppliers was through mentorship to improve suppliers' overall competency compared to a skilled-focused training program. It is worth noting that one SD program incorporated both training and mentorship to foster supplier's accelerated development.

**Interviewee 3:** *"On the Supplier Development side, also through the implementation partner as well, we've allocated a mentor. They're going through business needs and the kind of measured them from that perspective through the mentorship process."*

**Interviewee 15:** *"So the mentor comes in and provides that guidance to these guys."*

### **5.7.2 Monitoring and Evaluation**

Both ESD executives and suppliers strongly expressed the power of monitoring and evaluation as an enabler to achieve the TBL. An extensive assessment of Suppliers was

carried out during onboarding, and continuous evaluation were carried out to measure improvements, identify shortfalls and recommend corrective measures. Supplier audits, benchmarking and performance evaluations against set standards were performed across all dimensions of sustainable performance: environmental, social and Economic. The remarks below from suppliers supported continuous monitoring and evaluation as part of the SD program.

**Interviewee 4:** *"No, so what happens is within the buying firm, there is a lot of accreditation that you go through to be on their system. There is an accreditation process, and there is also an audit that is happening."*

**Interviewee 7:** *"So there are measures. I mean, we track your Key Performance Indicators (KPIs), we track sales, we track costs, we track gross profit margins and net profit. So that is something I'm doing monthly. I have to submit what the sales are. The goal here is to show an increasing trend, but also behind that, there are sales pipeline-related KPIs."*

**Interviewee 10:** *"Yes, they have metrics that they shared with us that they use to measure how we're doing. They use their third parties, the likes of I am an entrepreneur. They're regularly calling us to get the latest numbers from us, and they create reports, and we get insights from them to show how we're doing and reports."*

The aim is to grow suppliers from onboarding and graduate them from SMME to non-SMME entities. This then requires continuous tracking of financial measures such as sales growth, assets growth, and other non-financial KPIs. Supplier performance is then measured continuously against targets, and corrective measures are put in place should a supplier fall short of expectations. Both ESD executives reiterated this in the below extract.

**Interviewee 3:** *"We put it in the contracts. Every time we do the assessments, how are they doing relative to what the target is? And of course, if they keep on going backwards, you get to a point either you assist."*

**Interviewee 15:** *"So we baseline everything we do, we gather baseline data, and then you periodically assess progress against your predetermined outcomes and also pick up if there are any other things that happen."*

One ESD executive also mentioned the complexity of continuous monitoring and evaluation of suppliers' performance and the use of experts in assessing the performance of different suppliers. Buying firms do not necessarily have both the know-

how and capacity to assess supplier performance; this is where external contributors come into play to assist.

**Interviewee 15:** *"But remember, in the beginning, I did say one of the capabilities outsourced is monitoring and evaluation where once a person comes in and applies, we do baseline assessments of how many contracts they have, people that employ, is it permanent or no permanent, what is their turnover, what is their net profit? And then you basically, every six months, you go and measure these things."*

### **5.7.3 SMME Ecosystem Creation**

SMME operates in complex industries made up of buyers, distributors, funding agents and government agencies. There is a need to create an enterprise ecosystem that brings all different parties together in a formalised process. The existence of a whole SMME ecosystem curated more opportunities for suppliers and provided them with access and a route to market strategy. It's impossible for the buying firm to train, develop and equip suppliers all alone; experts from different walks of life are required to enrich suppliers' experience and capacitate them with vast and distinguished knowledge. This was affirmed by suppliers in the below remarks.

**Interviewee 6:** *"When the SD team visited us on the premises, they sat with us to see how we operate, see how equipped we are, and in terms of maybe getting a more aligned system being part of the buying firm supply chain. They made some recommendations about a third party who could assist with systems issues and noted that we needed an integrated management safety system."*

**Interviewee 10:** *"A number of external parties, such as 2020 Insight/I am An Entrepreneur. So, all of those guys are very interested in our growth. They're regularly checking in on us, checking how we're doing in terms of numbers, revenues and so on."*

**Interviewee 12:** *"I'm also involved in the export program with the Small Enterprise Development Agency (SEDA) on an export mentorship program. I had a chance to exhibit my products with SEDA on various platforms and avenues. Currently, I'm busy with Productivity SA as well because we are looking at how we want to lay out the workshop so that we can extract more value from it, and it can be efficient and effective."*

ESD executives also highlighted the importance of external contributors to the success of suppliers. An ecosystem of funding partners and training and development partners formed part of the SD program design. The buying firm recognised the power of

collaboration to Foster adoption in line with the TBL, as alluded to in the extracts below. In the instance that a buying firm and external contributors cannot foster change and develop a supplier, there is no other alternative than to offload such a supplier.

**Interviewee 15:** *"So it makes sense for us to partner with other organisations and try and stretch the little resources that we have. So ours really is to build this ecosystem on the needs we've identified from small businesses in our areas. Our model is very ecosystem-based. There's lots of people that we bring work with."*

**Interviewee 3:** *"We do put money aside for consultants that can assist our service providers, and if that fails, it's offboarding because there are certain things that we can't carry the risk for."*

#### **5.7.4 RQ3: Summary of Findings**

The above section presented findings that drove the TBL in totality. These initiatives are not solely focused on sustainability but overall sustainable performance. There were three themes that were confirmed extensively by both ESD executives and Suppliers. Training and development of suppliers in different areas of business, inclusive of human resources, Marketing, Environmental education and contract management, amongst others, was corroborated by both parties. Training and development also took the form of mentorship and training throughout the program, corroborated by both parties.

Both supplier and ESD executives made mention of the continuous monitoring and evaluation process as part and parcel of the SD program. Suppliers were continuously assessed, and where a shortfall was identified, corrective measures were implemented. A holistic approach to the development of suppliers was undertaken through the creation of an SMME ecosystem that brings together different parties contributing to the success of suppliers. Findings presented above under secondary enablers of sustainability were confirmed and corroborated by both data sets.

### **5.8 Chapter Conclusion**

This chapter presented the findings of the three research questions. The findings were intergrated between the two data sets, ESD executive and Suppliers. The findings were split between primary drivers of sustainability specific to the three aspects of sustainable



performance, namely Environmental, social and economic elements. A number of secondary enablers that cut across the TBL were also presented.

The findings of research question one from the ESD executive revealed that Health, safety and environmental compliance and the shift from fossil fuel energy to green and clean energy were pivotal to achieving environmental sustainability. However, the move to green and clean energy was flagged as capital-intensive, thus surpassing the financial capability of suppliers. Suppliers confirmed the above two themes that emanated from ESD executive interviews. However, they further highlighted their involvement in waste management through recycling and waste separation measures as some of the key enablers of environmental sustainability. The majority of suppliers heavily supported waste management initiatives due to their cost reasonability and ease of access and availability of such related technology. Few suppliers also alluded to digitisation through the use of cloud, emails and other technological advances to reduce emissions. This was found to be prevalent with suppliers in consulting as their interaction with the environment is thus minimal and not industrial.

The findings of research question two from ESD executives highlighted localisation in different dimensions, including local procurement and employment, as well as CSI as central to achieving social sustainability. The employment of locals within suppliers and buying firm host communities was highly encouraged. Paying it forward by giving back to host communities through charitable donations and other measures was also alluded to as a tool to accelerate social sustainability. Suppliers anchored localisation and CSI themes as their central strategy for achieving social cohesion. Supplier furthermore highlighted the training of other local suppliers and transferring knowledge learned as part of the SD program. Employee wellness within suppliers was also highlighted as a way to give back to the most important stakeholders of the business, the engine behind suppliers' operations, and their employees.

The findings of research question three from ESD executives showed that financial support and market access opportunities to suppliers were highly effective tools for economic sustainability, considering that most SMME suppliers perish due to a lack of finance and access to formal markets. This assertion was corroborated and supported by Suppliers who expressed gratitude for financial support received through grants, working capital loans and capital expansion loans to assist their businesses to expand and succeed. The majority of suppliers also highlighted the brand equity, contract opportunity, extensions and collaborations with other entities as driven by the buying firm

as a key enabler to economic sustainability by improving their access to formal markets. Suppliers also alluded to the different initiatives of the SD program in delivering operational efficiency to their organisations; this was achieved through the implementation of a systematic approach to their businesses and cost management initiatives, amongst others.

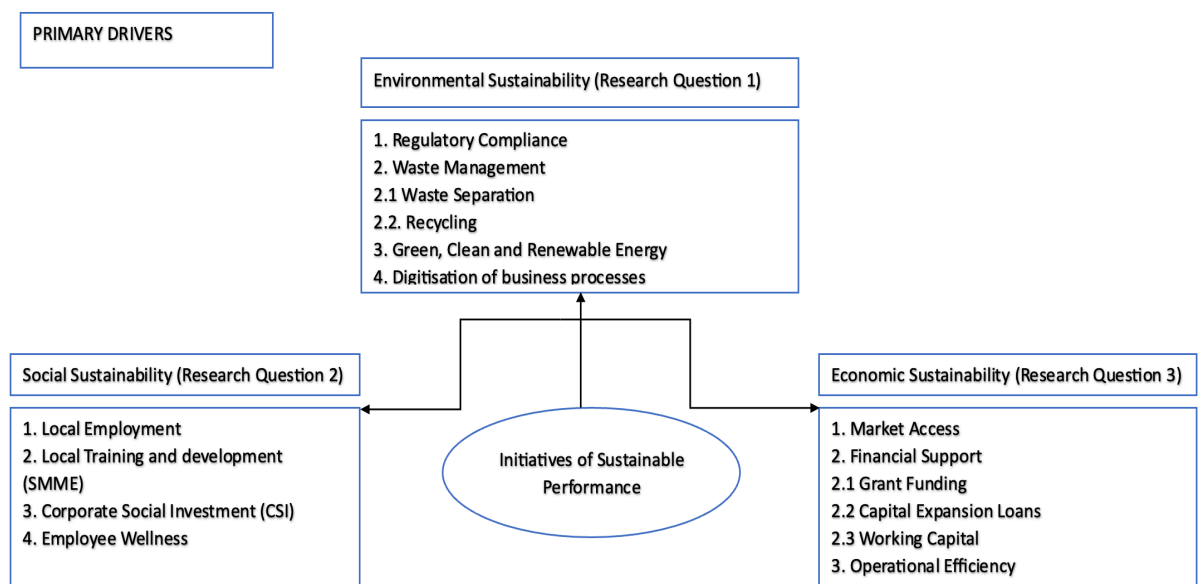
Both data groups also highlighted other enablers that cut across all elements of sustainable performance. The findings from Secondary enablers highlighted common similarities between ESD executives and suppliers. Both ESD executives and Suppliers highlighted the importance of training and development, mentorship and coaching as essential tools to capacitate suppliers to achieve the TBL. Continuous monitoring and evaluation of suppliers' progress to identify and mend any deficiencies throughout the SD Program was heavily relied on as a measure of performance. The last aspect that was highlighted as key to the success of suppliers in achieving overall sustainability was the creation of an SMME ecosystem made up of funding partners, Mentors, Coaches, Market access agencies and other related stakeholders who collectively support suppliers' initiatives and overall successes.

The following chapter (Chapter 6) will further discuss the themes that emanated above in relation to the literature review and the study's problem formulation. A discussion of commonalities and differences between findings from ESD executives and Suppliers will also be covered.

# Chapter 6: Discussion of Findings

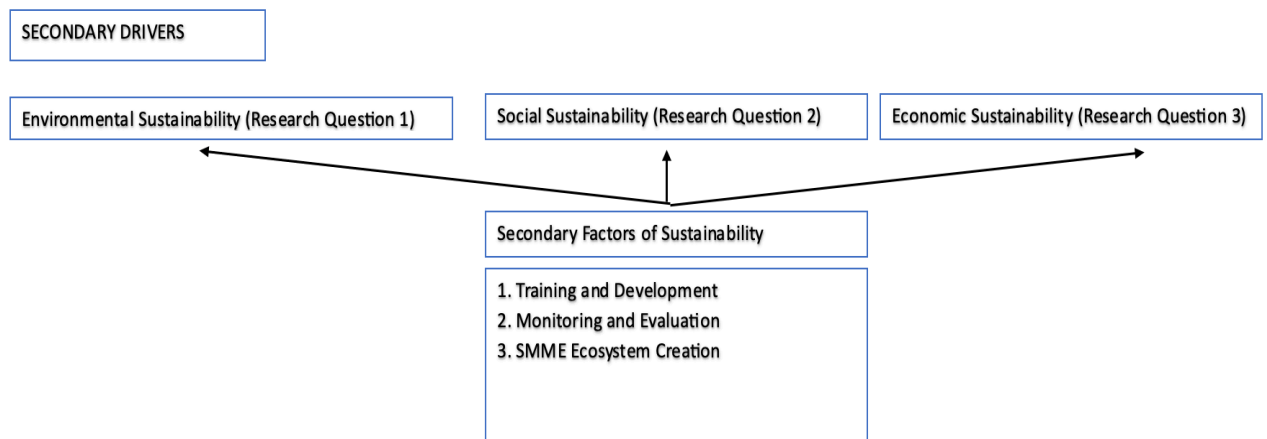
## 6.1 Introduction

This chapter presents an analysis of findings as presented in Chapter 5 above against the literature review carried out in Chapter 2. A comparison of literature from Chapter 2 and emergent themes from Chapter 5 will be conducted, with differences and similarities between the two sections highlighted and confirmed. The findings will be assessed to determine whether they answer the research question as indicated in Chapter 3 above or deviate from our expectations. In discussing the findings, the researcher will also highlight any new insight that emerged from our findings. As discussed below, findings combine themes from ESD executives and core suppliers, presented in terms of research question and emergent themes, similar to Chapter 5.



**Figure 6.1: Summary of Primary Themes per Research Question**

Figure 6.1 summarises findings from data extraction as presented in chapter 5 above. The findings are summarised under the three sub-research questions as presented in chapter 3 above. These findings represent the primary findings specific to each sub-research question to be discussed below.



**Figure 6.2: Summary of Secondary Themes per Research Question**

Figure 6.2 summarises findings from data extraction as presented in chapter 5 above. These findings represent the secondary findings, which cut across all three aspects of the TBL; these contribute to the overall sustainable performance of suppliers and are to be discussed in more detail below.

## **6.2 Research Question 1: How is Supplier Development Enabling Environmental Sustainability?**

This first research question aimed to investigate initiatives that drive environmental sustainability for suppliers as driven by their involvement in a formalised sustainable development program. As indicated by ESD executives and supplier interviews, the measures imparted to suppliers from the SD program were tested against the literature review in Chapter 2. The three dominant themes supported by both interview data and literature review are discussed below.

### **6.2.1 Regulatory Compliance**

According to ESD executives, all suppliers were made to go through an accreditation process before onboarding. The process sets regulations and frameworks that all suppliers should adhere to in the areas of safety, health, environment, and quality control (SHEQ). ESD executives alluded to the accreditation process being renewable each way to enhance compliance and discourage any contentment from suppliers. The use of a regulatory framework to create and foster compliance was supported in the literature (Meditati et al., 2018). According to Subramaniam et al. (2020), regulatory measures

have proven to be popular over the years to drive environmental sustainability, driven by government and pressure groups advocacy.

ESD executive also highlighted the different internal policies implemented as part of the SD program, aiming to create environmental awareness and prescribe measures that protect and preserve the environment. This was in line with Yildiz and Sezen's (2019) conclusion of the use of internal policies to drive the environmental sustainability behaviour of supply chain stakeholders. Suppliers were required to comply with buying firm environmental policies and standards, and failure to do so resulted in possible expulsion from the SD program.

Suppliers confirmed the above assertion with regard to an extensive accreditation process and annual compliance audit to drive environmental sustainability. In their confirmation, some even raised their concerns regarding the stringent nature of the compliance process imposed on them and how, at times, it is not aligned with their profit mandate. Continuous certification and monitoring of suppliers on environmental measures by buying firms were found to create transparent and sustainable suppliers (Wong et al., 2018).

A regulatory framework made compulsory for suppliers was found to influence suppliers' behaviour towards environmental compliance. There was no dissent against prescribed standards as suppliers stood to lose market access and financial support if expelled from the SD program due to accreditation failure.

## **6.2.2 Waste Management**

Waste and lack of proper channels of disposal are one of the major causes of environmental degradation. Energy and Waste management have been highlighted as effective measures that foster environmental sustainability, with recycling found to be much cheaper than other alternatives (Yacob et al., 2019). Evidence obtained from the interview alluded to the waste management process either through the waste separation process or different channels of recycling and reuse, as discussed in detail below.

### **6.2.2.1 Waste Separation**

A number of suppliers alluded to the use of coded bins to separate recyclable waste. Waste separation bins were used to separate waste to be collected by different third-

party recyclers. This process supported circular economy ideas, as waste could then be easily converted into other usable products (Kusi-Sarpong et al., 2023). This initiative was also favoured due to its cost-efficient nature, as third-party recyclers were ultimately responsible for the recycling process, nonetheless contributing to overall environmental sustainability.

### **6.2.2.2 Recycling**

ESD executives highlighted the incorporation of recycling initiatives to safeguard the environment. Suppliers were offered training with regard to different environmental sustainability initiatives, including recycling. Waste recycling was highlighted as a driver of supplier competitiveness and a measure that leads to overall sustainability (Jia et al., 2018). Dubey et al. (2017) also confirmed that recycling constitutes one of the green initiatives feasible for suppliers to implement in their quest for sustainability.

A large number of supplier participants confirmed having a recycling program as encouraged or prescribed through their SD program involvement. Recycling of papers, tyres, wooden waste and oil was amongst the common initiatives implemented by suppliers. According to Gilal et al. (2019), recycling and reuse of production waste are instrumental to achieving environmental sustainability. This was further confirmed by Yildiz and Sezen (2019), who alluded to the fact that recycling in an entity constitutes an investment recovery process. Suppliers also highlighted the use of third-party recyclers instead of in-house recycling; this allowed them to pass the burden of cost to third parties, thus also saving costs. Supplier, in this instance, received a compliance certificate for handing over waste to third-party recyclers in compliance with prescribed waste management protocols of buying firms. The efficient handling of waste and recycling to alleviate pollution was confirmed to combat environmental damage and promote environmental sustainability (Guan et al., 2016).

### **6.2.3 Green, Clean and Renewable Energy**

According to ESD executives, the shift from fossil fuel to clean and renewable energy is imminent. ESD executives alluded to embedding green energy initiatives into the SD program. Suppliers were offered training, made aware and encouraged to switch from their dependency on ESKOM-generated power to off-grid clean energy. The implementation of clean and energy-efficient measures to drive environmental sustainability has become popular over the years (Gilal et al., 2019). According to Guan

et al. (2016), Clean and renewable energy initiatives contribute significantly to the preservation of the environment.

However, ESD executives noted that green energy is still expensive for most SMME suppliers as it requires scale and extensive funds for implementation. Irrespective of this, SMMEs with the financial capability to implement green energy initiatives were expected to do so to preserve the environment and lower carbon emissions. It was found that SMME suppliers are more open to implementing green energy initiatives better than major organisations due to their flexibility (Yacob et al., 2019).

Suppliers, in general, alluded to the different initiatives which encouraged them to transition to the use of clean energy as a way to preserve the environment. Some suppliers confirmed the fact that they were already off the grid, solely depending on clean, renewable energy in line with buying firm expectations. It is, however, noted that the involvement of SMMEs in the just energy transition is imminent yet still far due to the financial capability required to implement. According to Yacob et al. (2019), the clean energy initiative forms part of pollution-preventative measures of environmental sustainability. As the world moves towards clean energy adoption and globalisation accelerates, many industries are to adopt renewable energy initiatives to achieve environmental sustainability (Khan et al., 2020).

There is rich and mature literature that advocates for a just energy transition at all levels as a way to accelerate environmental sustainability and accelerate green energy initiatives. Evidence from interviews supports the findings as contained in the literature.

#### **6.2.4 Digitalisation of Business Processes**

Suppliers in the consulting environment with limited interaction with the environment at the industrial level alluded to digitisation as their way to save the environment. Suppliers highlighted a wave of digitisation that was also accelerated by the Covid-19 pandemic. With limited physical movement opportunities, most interactions moved online, in a way, also promoting environmental sustainability by cutting down paper-based printing and carbon emissions from car travel. The use of technology and different online platforms to improve supplier decision-making and enhance environmental sustainability was confirmed in the literature (Kunkel et al., 2022).

This theme borderlines new insight as the literature review in Chapter 2 did not extensively support it. Only a few suppliers confirmed digitisation as a driver of environmental sustainability; no similar confirmation came from ESD executives interviewed. This area is thus still futile for further detailed study.

### **6.2.5 RQ1: Summary of Discussion**

The regulatory compliance imposed by buying firms to enhance supplier adoption of environmental and green energy initiatives, waste management initiatives inclusive of waste separation and recycling, and green, clean and renewable energy adoption all contributed to the overall sustainability of suppliers. The above three themes confirmed how SD enabled environmental sustainability. The evidence obtained from interviews in relation to the above themes, as presented in Chapter 5 and discussed above, further confirmed our understanding of the literature. The digitalisation of business processes to achieve the environmental sustainability of suppliers extended our understanding as it was not extensively supported in the literature. Based on the evidence presented, the digitalisation of business processes enhances environmental sustainability. However, this area is still futile for future studies as it extends our understanding.

## **6.3 Research Question 2: How is Supplier Development Enabling Social Sustainability?**

Societal aspects of the TBL have, over the years, been overlooked, with more focus directed towards environmental and economic sustainability. This research question aimed to identify initiatives that drive social sustainability in the SD program. Measures implemented by suppliers to address societal and related stakeholders' challenges were identified and discussed below. These emergent themes were extensively tested against literature in Chapter 2 to either confirm, extend or contradict what is already known.

### **6.3.1 Local Employment**

The inclusion of social sustainability measures into SD programs has been on the rise over the years. Localisation has been adopted over the years to foster social sustainability (Yawar & Kauppi, 2018). Suppliers confirmed the push for localisation at all avenues, inclusive of labour from local communities.



ESD executives highlighted that all suppliers part of the SD program were encouraged and, at times, required to employ local personnel with their host communities. Due to their proximity to its operation, the program's local suppliers require the same suppliers to embrace similar principles in their employment decisions. Host communities have been found to demand employment from locally based entities. This is also in line with SDG localisation under the UN banner (Mabibidi et al., 2021).

Supplier further confirmed that they were required to source their employees from local communities. Suppliers were made to hire labour representatives to monitor localised labour implementation. Local suppliers have a social responsibility to address societal challenges of where they operate, including the provision of employment opportunities for locals (Yawar & Kauppi, 2018). Local employment has also been found to create self-reliant and thriving communities (Olivier et al., 2018).

### **6.3.2 Local Training and Development (SMME)**

Another form of localisation as part of the program was training local-based suppliers and personnel to upscale their various abilities. Yawar and Kauppi (2018) confirmed that suppliers are socially responsible for transferring the skills and knowledge learned in the SD program to other locally based suppliers. Suppliers were also encouraged and required to source as many products as possible locally to empower other local suppliers.

ESD executive also confirmed their involvement in assisting their SD suppliers to collaborate with other locally based suppliers and sourcing their goods locally. The SD program also went further to train other local-based suppliers who were not part of the SD program to feed into their supply chain to support their already onboarded suppliers, thus broadening the empowerment pool. Local suppliers and buying firms should train other SMME entities and also reserve a portion of their procurement budget for community-based suppliers (Mabibidi et al., 2021).

### **6.3.3 Corporate Social Investment**

CSI is a powerful tool to give back and transform communities. This constitutes one other initiative embarked on by suppliers to drive social sustainability. Suppliers were encouraged to consider societal challenges and contribute to resolving them along their profit mandate (Pritam, 2020). ESD executive confirmed the use of CSI initiatives to drive social sustainability. Suppliers were encouraged to pay it forward, with some

contractually required to give back based on the value of their contracts. ESD executive also alluded that most of the CSI requirements were non-committal as one cannot force a good gesture out of a supplier. This assertion was confirmed by Cheruiyot-Koech and Reddy (2022), who concluded that most CSI initiatives are not legally bound but voluntarily in nature.

The buying firm engaged in a variety of CSI programs within the community. Through training and collaboration with SD program suppliers, social sustainability was achieved. A large number of suppliers confirmed their involvement in CSI initiatives to drive change within their communities. Some suppliers mentioned charitable donations, such as giving food parcels to those in need, helping local-based schools with sanitary packs, helping locals pay for their university registration fees and local athletics team sponsorships, amongst others. Giving back to local communities was confirmed to drive the overall sustainable performance of suppliers and provide a competitive advantage from positive brand equity (Pritam, 2020).

Some suppliers alluded to engaging in CSI initiatives driven by their own belief systems, their affiliation with religious organisations and their ongoing relationship with their communities, whilst Some suppliers expressed that they haven't undertaken any measures regarding CSI, with plans in motions to participate and give back to the broader community in the future. CSI was found to be popular for suppliers as it is mainly non-committal, and suppliers are in control of their own contribution; this allows them to live according to their available resources with no regulatory pressure from the buying firm. Overall, these CSI initiatives are key to resolving, empowering and developing communities at large.

#### **6.3.4 Employee Wellness**

Employees are regarded as primary stakeholders of most business operations. ESD executives alluded to different training initiatives that focus on employee wellness. These focused on areas of employee rights, fair pay, conducive working conditions and general human resource-based principles. Our literature review confirms the importance of labour rights, pay inequity and employment conditions as critical for buyer-supplier relationship from onboarding; failure to incorporate and manage these tend to lead to supply chain risk (Bai et al., 2019).

Employee-related social issues have, over the years, been explored extensively as part of social sustainability (Nassar et al., 2020). Suppliers confirmed the continuous incorporation of these into the business operation due to the importance of employees. To improve employee working conditions and boost productivity, some supplier participants also highlighted a great number of social initiatives, such as Spar Day outings and celebrations of key dates (e.g., Women's Day), to promote a sustainable working environment.

### **6.3.5 RQ2: Summary of Discussion**

As discussed above, the creation of local-based jobs, training and development of local suppliers, corporate social investment measures and employee wellness initiatives were identified as the primary enablers of social sustainability. These four themes confirm how SD enabled social sustainability. The evidence obtained from interviews, as presented in Chapter 5 and discussed above, confirmed our understanding of the literature review. The findings are thus in line with the literature review and confirm that, indeed, a formalised SD program, through its different initiatives, can deliver social sustainability for suppliers.

## **6.4 Research Question 3: How is Supplier Development Enabling Economic Sustainability?**

This research question sought to identify initiatives that drive suppliers' economic sustainability. One of the key drivers of starting a business is ultimately to make a profit. However, suppliers are faced with various challenges in realising their profit mandate. This question aimed to highlight key initiatives driven and enhanced by the SD program that enable suppliers to grow and remain profitable. The themes identified were tested against the literature review as presented in Chapter 2 above.

### **6.4.1 Market Access**

Suppliers expressed their gratitude towards the buying firm for granting them root-to-market opportunities. Suppliers alluded to having the buying firm as an anchor client, and the brand equity that goes in hand with that makes it easy for them to find other clients due to their association with the buying firm. Furthermore, many suppliers confirmed the continuous extensions of their contracts and increased their scope by

buying firms. Association and affiliation with industry leaders were found to be key to accessing broader markets, thus allowing suppliers to build capacity on the back of brand equity (Francisco & Canare, 2019).

The supplier was also connected to other external parties to market their products. This included exhibitions and collaborative seminars to showcase their products to the broader markets, including for the export market. Pan et al. (2022) confirmed that the internationalisation of suppliers enables market extension and access to broader opportunities for suppliers. This is also in line with the principle of globalisation, which allows supplier access to the global market irrespective of base location.

One other aspect that also contributed to market access improvement was the capital expansion loans. Funding suppliers' capital base allowed them to have the capacity to onboard more clients up and above just the buying firm. Having the necessary equipment to cater for the broader market opened up a new pipeline of work opportunities for SMME suppliers. ESD executives confirmed the above assertion, noting that contract extensions for SD suppliers were key to granting them a sustainable pipeline of work. They also alluded to curating opportunities for their suppliers to tap into other different services and product lines to expand their market base.

#### **6.4.2 Financial Support**

Over the years, one of the biggest challenges of SMME suppliers has been their inability to access funding for both expansion and operational needs. According to Caniato et al. (2019), the global financial crisis exposed suppliers to financial instability as most could not fulfil their obligations due to a lack of funds and were unable to access any sort of funding due to stringent credit terms imposed by financial institutions and lack of collateral to access debt funding. Huang and Chiang (2018) alluded to the importance of funding to enable economic sustainability. This assertion was further supported by Yawar and Seuring (2018), who highlighted the key role financial support plays in developing and accelerating suppliers' growth.

The data collected through discussions with both ESD executives, as presented in Chapter 5, alluded to the extension of financial support as part of the SD program to enhance the economic performance of suppliers. ESD executives noted that financial support in the form of grants, working capital loans and capital expansion loans were offered to suppliers. This initiative was supported in literature by Kang et al. (2021), who

confirmed the use of supplier loans and trade credits, amongst others, as key mechanisms that buying firms can use to uplift and enhance suppliers' chances of success.

The decision on which one of the financial support alternatives to expand to suppliers was based on the size, financial capability, and exposure of suppliers to the buying firm's work pipeline. The importance of financial support was also confirmed in value, with one SD executive pointing out a significant amount of over R1 billion in loan funding and over R200 million in grant expansion to suppliers over the years. Tang et al. (2018) alluded to the competitive and operational efficiency of buyer-supplier financial support, ultimately enhancing their overall performance.

The discussion with suppliers, on the other hand, also supported the assertion from ESD executives, with the majority of suppliers expressing their gratitude for various financial support mechanisms from buying firms. Competitive and cheap funding, at times denominated at 0% interest rate, was expanded to support suppliers' operations and expansion needs. Suppliers alluded to the growth unlocked over the years by being part of the SD program through the receipt of financial support, ultimately enhancing their economic sustainability. Subramaniam et al. (2020) confirmed that supplier growth, as indicated by sales and asset base growth, indicates a successful SD program.

#### **6.4.2.1 Grant Funding**

One funding mechanism that emanated from the findings was the provision of grants to SMMEs. Suppliers alluded to receiving grants to support their operations; these were provided to fund initial business set-up costs and minor equipment purchases for the smaller suppliers on the program. As indicated above, one ESD program executive indicated the expansion of over R200 Million worth of grants, supporting the statements made by suppliers. Buying firm-based financial support was critical for suppliers' growth and success as it is cheaper to access and more competitive than other alternatives (Deng et al., 2018). The provision of financial support from the literature review did not make specific mention of grants as one of the alternative funding mechanisms for suppliers. Still, it only referred to financial support in general, amongst other specific financial mechanisms.

The provision of grant-specific finance still confirms the use of financial support to drive economic sustainability and enhance suppliers' overall performance.

### **6.4.2.2 Capital Expansion Loans**

Suppliers' struggle to expand their operations is often linked to their lack of capital equipment to service multitudes of clients. Both suppliers and ESD executives made mentions of capital expansion funding mechanisms granted to suppliers to stimulate their growth. Some suppliers alluded to the buying firm assisting them in purchasing trucks, Bakkies, Kitchen equipment and forklifts, amongst others, as a way to capacitate them to tap into other opportunities. This was confirmed in the literature by Caniato et al. (2019), who alluded to the provision of funding to build a supplier's asset base for growth.

Suppliers also confirmed the low-interest rates and zero interest rates attached to the loans as being a game changer as it further grants them an opportunity to reprioritise some of their capital from interest savings to stimulate growth. The low-interest rates on capital expansion loans were confirmed by Deng et al. (2018) as means to drive supplier competitiveness.

### **6.4.2.3 Working Capital**

The finding that alluded to the expansion of working capital funding to support suppliers' operations and unlock growth was a common theme in the literature review in Chapter 2. Suppliers in the past have been offered trade finance and advanced payments as a means to support their continued operations and delivery efficiency (Kang et al., 2021). Zhao and Huchzermejer (2019) further confirm the above finding by indicating the three key financial streams supporting supplier growth, including advanced payment and POF. One participant alluded to their receipt of having many orders that they could not fulfil due to financial constraints, which led to the buying firm expanding PO financing to alleviate such challenges.

ESD executive also confirmed the use of the POF mechanism to avoid having suppliers running around to financial institutions to seek financial support, which might not materialise. This also aims to mitigate possible supply chain risks that can emanate from non-delivery from suppliers. Suppliers having limited access to debt and working capital from external parties are normally only guaranteed funding support from buying firms through supply chain financing mechanisms (Tang et al., 2018). Caniato et al. (2019) further confirm the power of supply chain-based working capital assistance to drive supplier performance.

### **6.4.3 Operational Efficiency**

One of the key challenges of SMME supplier is their ability to operate optimally. An entity can only perform sustainably when it possesses the technical know-how, technology and financial resources to execute its strategy. According to Awan et al. (2020), a collaborative effort to exchange information and technical know-how is essential to building supplier operational capacity and improving performance.

There was evidence of initiatives that drive the operational efficiency of suppliers. ESD executives confirmed the involvement of experts from the likes of SAICA to assist suppliers with cost management and the upkeep of their financial records. Expert consultation and assistance were confirmed to improve supplier performance over time in literature (Glock et al., 2017). One SD program went to the extent of enrolling their suppliers into a mini-MBA program to enhance their understanding of business management principles, Human resources, marketing and contract management. This further confirms Glock et al. (2017) finding that highlighted the use of training to enhance the technical know-how of SMME as an enabler of overall sustainability.

Suppliers who participated in the program confirmed the benefit they derived from their collaboration with experts, allowing them to manage their costs much better and improve their competitiveness. Suppliers also alluded to the operational improvement from having access to different systems made available as part of the SD program, allowing them to streamline their business operation and allow for real-time processing of information and data availability, which enhanced their decision-making. Technological systems were found to be useful to mitigate operational risks and improve business flow, which ultimately enhances performance (Ganbold et al., 2021).

It was evident from both interviews and literature that enhanced operational efficiency of suppliers through different measures leads to enhanced economic sustainability. Sustainability measures as part and parcel of an SD program have been found to enhance performance (Fan et al., 2021).

### **6.4.4 RQ3: Summary of Discussion**

It is evident that the three main themes, namely, market access, financial support in the form of grant funding, capital expansion loan and working capital, are capable of delivering economic sustainability for suppliers. The above three themes confirm how

SD enabled economic sustainability. As presented in Chapter 5 and discussed above, the evidence obtained from interviews confirmed our understanding and is further aligned with the literature.

## **6.5 Discussion of Secondary Factors of Sustainability**

A number of initiatives that cut across the TBL were identified and presented in Chapter 5 above. The themes below were pertinent to the overall success of suppliers, not limited to a specific branch of sustainable performance. Training and development, monitoring and evaluation, and SMME ecosystem creation were identified as themes that enhance suppliers' capability to achieve overall sustainable performance.

### **6.5.1 Training and Development**

Supplier education that integrates all the TBL aspects is beneficial in driving overall sustainability. The exchange of knowledge between buying firms and suppliers has been found to improve overall sustainability (Awan et al., 2020). Importantly, suppliers noted training across all elements of sustainable performance throughout their SD program. Suppliers were trained on issues of environment, societal challenges and programs that drive business growth and profitability. The literature by Yildiz and Sezen (2019) argues for the use of environmental education to drive awareness and influence supplier behaviour.

This was also confirmed by Liu et al. (2018), who expressed the vital role of training and development in driving change with regard to the social aspects of suppliers. Supplier alluded to training facilitated by the likes of SAICA and institutions such as GIBS that capacitated them and enabled them to improve their overall performance. The literature reviewed also highlighted the benefits derived from further supplier training, including better product quality and improved delivery times (Yawar & Seuring, 2018).

ESD executives confirmed the above assertion when they highlighted the different trainings offered to suppliers, inclusive of human resource training, environmental, safety and health training and labour-related training initiatives. These training initiatives cut across the TBL. The TBL integrates the environment, profitability and societal needs all in one (Maditati et al., 2018).



Suppliers also highlighted being allocated mentors and coaches to assist them with their developmental journey. These personnel were there all the time to guide them throughout the SD program, which also constituted a form of training and development. Through different training initiatives, the SD program positively impacted supplier performance, improved their competitiveness and unlocked expansion opportunities. The skills imparted to suppliers were relevant to all areas of business and thus applicable even externally from buying firms.

### **6.5.2 Monitoring and Evaluation**

Developing suppliers is process-based, thus necessitating continuous monitoring and evaluation. On onboarding, most suppliers lacked the technical know-how and financial capacity to advance their business. Once these were provided, the honours were therefore on the SD program leaders to assess the impact of these developmental initiatives. Supplier performance monitoring and evaluation are essential to identify any shortfalls and implement corrective measures (Yawar & Seuring, 2018).

The monitoring and evaluation can take the form of audits and random visits to suppliers' sites for assessment (Yawar & Seuring, 2018). ESD executives confirmed that continuous performance assessment of suppliers formed part of the SD program designs. Site inspections and annual accreditation audits of suppliers were conducted in health, safety and environment areas. Labour compliance assessments were also conducted to ensure the employment of local personnel and prevent the hiring and exploitation of illegal immigrants.

Suppliers were expected to perform at a certain level and comply with set standards. In an instance where a supplier is underperforming, the quarterly and annual audit will normally pick it up, and corrective measures will be imposed. Supplier monitoring and evaluation evaluations allow for buying firms to identify non-compliance timeously and should be embraced as part of the SD program (Wang & Dai, 2018). ESD executives also highlighted that, in an instance, suppliers' performance does not improve after interventions and possible program expulsion can occur. This is in line with literature by Glock et al. (2017), who alluded to expulsion as a punishment for supplier non-performance.

Some suppliers expressed their gratitude to the buying firms' continuous monitoring and evaluation initiatives as they assist in identifying a shortfall in their business and

immediately assist with corrective measures. Some suppliers, however, expressed their dissent to the continuous monitoring and evaluation as it can be a strenuous process which is both time and resources consuming. Suppliers also expressed being rewarded with more work for achieving the highest level of health and safety accreditation, this being a motivational factor for suppliers to enhance their compliance. This was confirmed in literature where buying firms made use of reward systems to encourage supplier compliance with sustainability targets (Yawar & Seuring, 2018).

Continuous monitoring and evaluation were beneficial to suppliers. It kept them in check and in line with applicable standards that drive the overall sustainability of their businesses. This process ensured all aspects of sustainability were achieved.

### **6.5.3 SMME Ecosystem Creation**

Developing a supplier requires collaborative efforts. Liu et al. (2018) confirm that multi-stakeholder initiatives are key to the successful implementation of an SD program. The stakeholders that possess different expert knowledge are central to fostering learning and development of sustainable suppliers (Meditati et al., 2018). ESD executive confirmed not having all the technical know-how, thus requiring the assistance of external experts to impart knowledge through different training initiatives. Training experts, funding partners, coaches, mentors and consultants were involved in the SD program. ESD executives and Suppliers confirmed this.

A large number of suppliers alluded to being connected to other external contributors as part of the SD programs. For example, institutions like SEDA were involved in expanding funding assistance to suppliers. This was all facilitated by the buying firm in creating an ecosystem of different parties that supports supplier overall development. This assertion was confirmed in our literature: the development of sustainable suppliers involves the exchange of knowledge, skills and technology, which involves multiple parties (Kunkel et al., 2022). External contributors were noted as effective drivers, facilitators and transformers of suppliers who capacitate, train and upskill suppliers for sustainable growth (Liu et al., 2018).

## **6.5.4 Secondary Factors of Sustainability: Summary of Discussion**

The different training measures as part of the SD program, the continuous monitoring and evaluation of supplier performance, and the creation of an SMME Ecosystem were highlighted, evidenced and supported as initiatives that combined to enhance the TBL aspects. The above three themes confirm how SD enabled sustainable performance, the TBL. As presented in Chapter 5 and discussed above, the evidence obtained from interviews confirmed our understanding and is further aligned with the literature. As presented above, all three themes were aligned and in agreement with the findings as per the literature.

## **6.6 Chapter Conclusion**

Overall, the findings, as presented in Chapter 5, confirmed the majority of findings as presented in the literature review, chapter 2. Research question one found that internal and external-driven regulations are central to adopting environmentally sustainable measures. The shift from fossil fuel to clean and green energy initiatives, along with the correct disposal of waste and recycling, was heavily supported by literature. One area that showed differences between the literature and findings was in relation to digitisation as a way to reduce carbon emissions. There was no extensive literature review that support this assertion, mainly due to the fact that it is still a developing area accelerated by the Covid-19 pandemic. Overall, it was evident in both literature and interview findings that SSD enables environmental sustainability.

Research question two found that localisation in the form of localised employment opportunities and procurement was an essential driver of social sustainability. This was also extensively supported by literature and both interview groups (Core suppliers and ESD executives). Furthermore, the use of training to capacitate other local suppliers to feed into the buying firm supply chain was highlighted. The literature also confirms this. Both suppliers and SD executives alluded to the use of charitable measures under the banner of CSI to enhance social sustainability. Through different trainings, suppliers were made aware and encouraged to pay it forward, with some expected to give back based on contract terms. CSI initiatives as a driving force behind societal challenges confirmed what was already outlined in the literature. The supplier also highlighted

measures driven to enhance employees' morale and better their working conditions, in line with best labour practices.

Evidence obtained for research question three confirmed the expansion of financial support in its different forms, inclusive of grants and loan mechanisms to drive economic sustainability. This was found to be in line with literature that highlights lack of financial support as one of the challenges suppliers are faced with. It was also confirmed that root to market was one of the program's strategic initiatives to enable the supplier to grow their businesses and tap into alternative markets. Suppliers were also capacitated through training and the use of consultants to improve their operational efficiency. This also confirmed our literature in chapter two.

A number of initiatives that cut across all elements of the TBL were also noted and confirmed in the literature. Training to develop suppliers' skills and capabilities was raised as central to their future development. Continuous monitoring and evaluation of suppliers to identify shortcomings and device strategic interventions, and lastly, creating a whole ecosystem of multi-stakeholders that supports SMME growth emerged as a theme. Supply development was confirmed in literature to constitute a multi-stakeholder initiative that required the involvement of experts, consultants and partners for effective implementation. The literature also evidenced that continuous assessment of suppliers' performance was key to their transformation and success.

Based on the findings as detailed in Chapter 5 and the discussion above in Chapter 6, there is a direct link between our literature review in Chapter 2 and findings from the interview. Chapter 6 discussion confirmed a majority of initiatives as contained in the literature.

# **Chapter 7: Conclusions and Recommendations**

## **7.1 Introduction**

This chapter presents a conclusion to the research by highlighting the research findings under each research question based on research data collected as presented in chapter five and the subsequent discussion of findings against literature in chapter 6. Furthermore, the research implications on key stakeholders will be assessed, including Buying Firms, Suppliers, and the Government. The chapter will also present recommendations that emanate from research, outline research limitations in line with Chapter 4 methodology assessment and further highlight areas futile for future research.

## **7.2 Principal Findings**

The research sought to assess SD programs and their contributing initiatives in achieving sustainable performance for Suppliers. The three elements of sustainable performance, commonly called the triple bottom line, were segmented into three sub-research questions posed to suppliers and buying firms. The below discussion summarises findings in line with the research question.

### **7.2.1 RQ1: How is Supplier Development Enabling Environmental Sustainability?**

The research found that several initiatives were championed and implemented by the buying firm with the aim of achieving environmental sustainability. These initiatives were either reinforced through policy adoption or awareness and encouragement of suppliers. It was found that regulatory compliance frameworks were deployed to force the behaviour of suppliers into compliance with stipulated safety, health, and environmental requirements. This was consistent with literature that recommends using regulations to enforce compliance behaviour (Maditati et al., 2018; Subramaniam et al., 2020).

Regulatory compliance frameworks were further extended to include internally generated policies and procedures that compelled suppliers to preserve the environment in their day-to-day activities. Environmental Policies and procedures were implemented, and suppliers were made to conform with such prescriptions as a condition to remain on the SD program. This was in line with Yildiz and Sezen's (2019) conclusion that internal

policies are key to environmental sustainability measures as they promote supplier awareness and the will to comply. It was also found that internal policies were implemented in the form of certification processes that all suppliers wanting to partake in and benefit from buyer-supplier relationships had to go through and pass before onboarding. Furthermore, the regulatory compliance process was monitored year after year to mitigate against suppliers becoming non-compliant post-program onboarding. This finding was also in line with the recommendations of continuous assessments and monitoring of suppliers by Wong et al. (2018).

The research also found that waste management initiatives, which constitute waste separation and recycling, are highly favoured and implemented by most suppliers. Waste management was found to be favourable due to its cost-effectiveness, which allowed suppliers to pass through the cost to third-party recyclers. Waste management initiatives to drive environmental sustainability confirmed findings from the literature that overall sustainability and improved competitiveness can be achieved (Dubey et al., 2017; Guan et al., 2016; Jia et al., 2018).

The research also found that adopting Green, Clean and Renewable Energy can accelerate environmental sustainability. Measures for decarbonisation and the shift to green energy were highlighted as measurable means to achieve sustainability. However, it was found that the cost involved in green energy adoption is still far too high for most SMME suppliers, with those with access to financial resources encouraged to switch. This assertion was in line with Guan et al. (2016) literature, which found that renewable energy adoption can assist in preserving the environment.

In addition, it was found that in a service-based environment, the digitisation of processes leading to low paper printing volumes and less travel to meetings enhances environmental sustainability. This is in line with literature that supports the rapid use of technology to limit environmental degradation and possible pollution (Kunkel et al., 2022). The continuous rise of digitisation was found to have been influenced by the COVID-19 pandemic, which left entities searching for alternative ways to continue with their operations due to imposed lockdowns.

In conclusion, the initiatives that were found to enable environmental sustainability as one of the sustainable performance elements were regulatory compliance, waste management, green, clean and renewable energy and digitisation. It was confirmed that

SSD enabled environmental sustainability in line with research question one: How is sustainable supplier development enabling environmental sustainability?

### **7.2.2 RQ2: How is Supplier Development Enabling Social Sustainability?**

The research found that social aspects of sustainable performance have been on the rise over the years. It was found that the creation of local employment to empower local communities was a common theme across many suppliers. Suppliers made initiatives to create job opportunities for local community members, in line with buying firm prescriptions. This finding is in line with SDG localisation, which champions what it termed "justified discrimination" as a means of social redress (Mabibidi et al., 2021). It was highlighted that labour representatives were hired to monitor compliance to ensure adherence to the employment of local residents. Local employment furthermore was found to create sustainable and thriving communities as it enhances community earnings, thus leading to overall sustainability.

The Local Training and development of local-based SMME and community members as a tool to empower them and grant access to opportunities were concluded as an enabler of social sustainability. Suppliers passed on the knowledge learned in the SD program to other local-based suppliers while buying firms trained other local-based suppliers to partake in the overall supply chain and fill in the gaps left by their SSD suppliers. This finding was in line with both Yawar and Kauppi (2018) and Mabibidi et al. (2021), who alluded to similar findings in their studies.

Another social sustainability finding that was highly supported across the board was CSI. It was found that suppliers adopted charitable activity measures of different types to drive social sustainability; this was imparted to them through their interaction with buying firms and the personal beliefs of business owners. Giving back to communities, inclusive of charitable donations for food items, sports gear, tuition, and registration fees sponsorships, amongst others, were found to be joint initiatives for many suppliers. The use of the CSI initiative to drive change, empower and develop communities was highly supported in the literature (Cheruiyot-Koech & Reddy, 2022; Pritam, 2020).

The last finding that enabled social sustainability was employee wellness. It was concluded that employees are central to the overall performance of an organisation, and

measures that drive fair pay, good working conditions and employee rights, in general, were of high importance as they also contribute towards high employee productivity and mitigate against supply chain risk, which emanates from employee stoppages.

The above findings were consistent with the literature. They confirmed that supply development program-based initiatives can deliver social sustainability through measures such as CSI, employee wellness, localisation of jobs and the training and development of local entities. In conclusion, it was found and confirmed through existing literature that SSD enabled social sustainability. Evidence attained from research strongly anchored the above conclusion.

### **7.2.3 RQ3: How is Supplier Development Enabling Economic Sustainability?**

In relation to economic sustainability, the research found that root-to-market was essential for the overall success of suppliers. The curation of opportunities for suppliers to expand their offerings by the buying firm was highlighted as one of the initiatives. Furthermore, it was found that the association with the buying firm allowed suppliers to leverage the brand equity to expand their customer base. Additionally, the buying firm assisted suppliers with a continuous pipeline of work and capacitated suppliers with Property, Plant and Equipment (PPE) that enhanced their operational sustainability. Expanding an entity market to access further opportunities was confirmed by Pan et al. (2022) as an effective measure of economic sustainability.

One of the major findings supported by many suppliers was the expansion of financial support in its different forms to enhance suppliers' performance. It was revealed that the buying firm provided grants to smaller suppliers, working capital in the form of purchase order funding to contracted suppliers and capital expansion loans to many suppliers to expand their operations and support their growth in both sales and profitability. Financial support was found to be essential for any form of supplier expansion, growth acceleration and financial stability, as most supplier lacks access to adequate funding (Yawar & Seuring, 2018)

Notably, suppliers expressed their gratitude for low to no-interest loans received as part of the program and the general access to capital as and when required with no stringent requirements as is normally the case from financial institutions. Purchase order funding



provides a lifeline to suppliers and mitigates the risk of non-delivery from suppliers (Caniato et al., 2019).

The findings also revealed that the operational efficiency of suppliers directly enhances their performance. Efficiency initiatives that drove cost savings mechanisms led by third-party experts were part and parcel of the program. Furthermore, experts in different areas of business collaborated with both supplier and buying firms to improve the efficiency and competitiveness of both parties. Training and development in areas of Human resources, finance and contract management confirmed Glock et al. (2017) findings that highlight the use of training to enhance the technical know-how of SMME.

Suppliers also revealed being introduced and assisted with acquiring different operational and management systems that allow for remote operation management and real-time data for better decision-making, ultimately leading to financial gains. The use of technology to enhance performance competitiveness and limit operation risk was also highlighted in the literature (Ganbold et al., 2021).

In conclusion, access to markets, financial support and operational efficiency improvements were found to drive the economic sustainability of SMME suppliers in correlation with the literature. Measures imposed as part of a formalised SSD were found to enable economic sustainability, leading to the overall achievement of sustainable performance of SMME suppliers.

#### **7.2.4 Impact on Secondary Factors of Sustainability**

Several initiatives were found to promote the overall sustainability of suppliers, not limited to a specific element of the TBL. These initiatives were around the area of training and development, monitoring and evaluation and SMME Ecosystem creation. It was found that training and development of suppliers was a popular mechanism to enhance suppliers' overall sustainable performance. Different training in areas of environmental sustainability, operational efficiency and societal-based issues were anchored as part of the program. The literature argues that training is an effective tool for creating awareness regarding different aspects of performance (Yildiz & Sezen, 2019). Institutions such as SAICA and GIBS offered training, amongst others, as a way to develop and transfer knowledge to suppliers to enhance their operations.

It was also revealed that performance evaluations, management and monitoring should be factored in for an entity to continuously perform sustainably. Continuous monitoring and evaluation of supplier performance to identify shortfalls and recommend corrective measures formed part of the program from supplier onboarding. Key performance indicators were built onto suppliers' contracts, and program expulsion was initiated if continuous non-compliance was noted. Continuous audits and renewable accreditation processes were highlighted in the literature as some of the practical measures to promote compliance (Yawar & Seuring, 2018).

The findings also revealed that an SD program constitutes a collaborative initiative that requires multi-level stakeholders to achieve its objective. The involvement of experts, consultants, market specialists and funding agents was noted as a success factor in achieving overall sustainability (Liu et al., 2018). The transfer of knowledge through training and development initiatives, Market access and financial support facilitation required some skills that the buying firm did not possess, thus necessitating collaboration across different partners.

Training and development, Continuous monitoring and evaluation and the creation of an SMME ecosystem positively contributed to the overall sustainable performance of suppliers. These initiatives positively contributed to environmental awareness, eradication of societal challenges, and suppliers' overall growth. In conclusion, the above secondary measures were found and confirmed in terms of both literature review and research evidence to enhance the overall sustainable performance of suppliers in correlation with measures outlined above under research questions 1, 2 and 3.

### **7.3 Implications and Recommendations for Relevant Stakeholders**

The research conducted raised several findings, as discussed above, along with implications for multi-stakeholders. The four main stakeholders identified for recommendations were buying firms, SMME Suppliers, and the Government and Development Funding Institutions. The implications for each stakeholder and recommendations thereof are noted below.

### **7.3.1 Buying Firm**

Buying firms are central to the effective implementation and execution of an SD program. It was found that buying firms committed significant financial and technical resources to develop suppliers' capabilities and enhance their operational efficiency with the aim of growing their net asset value. This is notably contrary to many schools of thought that reached a conclusion that buying firms are part and parcel of SD simply for regulatory compliance with government and B-BBEE prescribed laws as a tick box exercise. Evidence was presented that proved the buying firm's important role as part of the program to achieve sustainable performance for suppliers and itself. Suppliers not only benefited from their participation but also delivered value to the buying firm through improved quality of products, limited production stoppages, Improved delivery reliability and enhanced buying firm image. The buying firm realised its developmental goal and achieved full compliance from the creation of the program, furthermore enhancing its image within its host communities at large. The main recommendations for buying firms from the research are as follows:

- Buying firms should set up SD program offices within their host communities so they are visible and reachable by local-based suppliers. This will allow for a wider net of beneficiaries and overall empowerment.
- Training initiatives of the supply development programs should not be generalised but designed to be specific from one supplier to another. This will enhance the overall performance and development of onboarded suppliers.
- The Supply development program should be linked to job opportunities for suppliers. After successful training and development of suppliers in a certain area, this should be followed by practical application through a work pipeline.
- The buying firm should implement less stringent accreditation requirements for SMME suppliers as this tends to exclude the bulk of suppliers from participating in the program and being trained and developed.

### **7.3.2 SMME Suppliers**

This research presents important implications for SMME suppliers taking part in a formalised supply development program. The research pointed out the vast benefits gained by suppliers from the training and development imparted by buying firms along with related experts. Suppliers were assisted financially through grants, capital expansion loans and working capital loans, which allowed them to build capacity and expand their businesses, thus achieving economic sustainability. Suppliers became

more environmentally aware through their involvement in the program and engaged in programs to preserve the environment. They also made efforts to solve societal challenges and contributed to the sustainability of their host communities.

It was also highlighted that suppliers added immense value to the buying firm value chain; there was improved reliability in their delivery capacity and an improved relationship between the buying firm and suppliers. The main recommendation for SMME Suppliers from the research are as follows:

- Supply development SMME Suppliers should align their growth strategy with that of buying firm positioning themselves to benefit from buying firm value chain, product preference and service selection.
- SMME suppliers should always be up to date with their regulatory compliance, accreditation and certifications, as buying firm prefers suppliers who conforms to their set standards. This will unlock value and work opportunities for suppliers.
- Suppliers must communicate their developmental needs with the buying firm to ensure fit for purpose, and structured training to develop their specific capabilities is designed and made part of the program.
- Suppliers should aim to innovate and design buying firm-specific products. And services that alleviate buying firm supply chain risk.

### **7.3.3 The Government**

The government is the regulatory body for formalised supply development programs through their B-BBEE charter, competition laws and economic developmental policies. Suppliers are major contributors to the general economy and an effective engine for job creation. The research found that regulations play an important role in enforcing compliance and adoption. The government's just transition initiative highly influences environmental sustainability initiatives, while social aspects of labour and CSIs are championed by B-BBEE laws and several economic policies. The research has led to several recommendations for the government that will improve the overall sustainability of suppliers and buying firms while contributing to the economy's growth.

- The government should cut down on its red tape. The government should deregulate Supply development programs and allow for flexibility from both buying firms and suppliers. This will open opportunities for more suppliers to be empowered instead of a simple tick-box exercise in relation to regulations.
- After deregulation, the Government should only monitor and evaluate buying firms and supplier relationships. This should be formalised with the creation of

a monitoring and advisory council whose responsibility should only be to monitor SD progress, advise parties on effective and ineffective measures, and recommend redress measures.

- Government should collaborate with buying firms and funding institutions to facilitate funding support to SMME suppliers.
- The government should create a link between the different SD programs and its own supply value chain. This will broaden the market for suppliers while also delivering value to government entities.

### **7.3.4 Development Funding Institutions**

The research highlighted the importance of funding for the success of suppliers and their inability to access adequate and competitive funding to steer their growth. Several initiatives by buying firms to support suppliers financially were implemented, and these received great praise from suppliers as they enabled them to expand their capabilities, access new markets and onboard new customers. The main recommendations for different developmental funding institutions from research are as follows:

- In collaboration with the government, create a funding model and products that cater specifically for SMME suppliers.
- Implementation of less stringent requirements around debt security when advancing funding to SMME suppliers.
- Increase the investment and expansion of funding to SMME suppliers and facilitate more financial support to SMMEs as they are underfunded.

## **7.4 Study Limitations**

A qualitative research study was conducted; several limitations are susceptible to the methodology and other research-specific limitations; these are presented below.

- Susceptible to the use of qualitative research methodology, generalisation cannot be achieved. Thus, findings cannot be extrapolated to other similar groups.
- Qualitative research data is not quantifiable; thus, no statistical testing was conducted of evidence attained from interviews
- Biases might have occurred with evidence attained from ESD executives as they are responsible for the SD program. Biases might also have occurred from suppliers painting a clear picture of the SD program due to benefits derived from the program.

- Researcher's bias due to known assumptions and idealistic findings might have occurred.
- Only 13 suppliers and 2 ESD executives were interviewed to form a conclusion. This sample might be too small to generalise over the whole population of suppliers
- The research only interviewed suppliers making up only three SD programs. This might not be representative of the majority of SD programs in South Africa.

Mitigating factors to the above limitations are detailed and discussed in Chapter 4 to safeguard research findings and improve research reliability.

## **7.5 Recommendations for Future Research**

The research contributed to the knowledge-based and further recommended practicable and implementable measures to enhance overall sustainability through a formalised supply development program. A few areas are identified that warrant further study for the benefit of multi-stakeholders.

First, the study focused on suppliers as part of the program and the different initiatives leading to sustainable performance. Suppliers are developed and assisted in achieving the TBL only until they reach a certain revenue cap, with most SD programs graduating suppliers from the program once they reach this cap (e.g., R50 million). A supplier's performance should be studied after participating in the SD program. This will further test the sustainability aspect of the program. Suppliers should be assessed thereafter to identify if the measures implemented are indeed sustainable even after the supporting structures of the buying firm are no longer there.

Second, it was noted that one of the biggest drivers of SD is the regulatory compliance aspects imposed by the government and several state-driven competition and empowerment legislation. It will be worth studying if Buying will continue with the SD program and the different support initiatives in an instance where there is no legal requirement or expectation to do so. This will shed some light on whether regulations forced adoption for buying firms or possible supply chain risk drives their SD stance.

Thirdly, it was found that green, clean and renewable energy initiatives to achieve environmental sustainability were encouraged with some suppliers with the financial

capacity even implementing such measures. It was concluded that these initiatives are expensive to implement, leading most SMME suppliers out in the cold. A study should be conducted regarding a tripartite funding model made of buying firm, government, and Development funding institutions for green energy initiatives for SMME suppliers' implementation.

The three suggested future areas of study will further enhance suppliers' and buyers' sustainable performance as they specifically target the TBL elements.

## **7.6 Study Conclusion**

The purpose of the research was to examine enabling initiatives of the SD program that drive the sustainable performance of suppliers. Chapter 1 highlighted the need to assess the TBL in combination from a supplier perspective, driven by the significant contribution of suppliers to the overall economy and the role they play in delivering value to buying firms. The literature review conducted in Chapter 2 highlighted the knowledge gap that necessitated this study, the area being understudied in the past.

Chapter 3 presented the overarching research question along with the three sub-questions focusing on each element of the TBL. A qualitative methodology was then selected as suitable for the study, with research data extracted through interviews of both suppliers and SD executives to achieve a high level of reliability of data. The findings of the study were presented in Chapter 5 and subsequently discussed in Chapter 6 against the literature review in Chapter 2. It was found that the findings of the study confirmed what was known in the literature, as outlined in Chapter 6.

The research found several initiatives that drive suppliers' environmental, social and economic sustainability, as presented above. Regulatory measures, adoption of green energy, waste management and digitisation drove environmental sustainability. Social sustainability was achieved through the localisation of jobs, training and development of local SMME suppliers and employee wellness. Economic sustainability was achieved through the expansion of funding, market access initiatives and operations efficiency of suppliers. These findings were confirmed by the literature as presented in Chapter 2.

Furthermore, implications and recommendations to buying firms, SMME Suppliers, the government and Development Funding Institutes were highlighted, along with areas that

are futile for future studies. Evidence gathered confirmed that sustainable development program within companies enables sustainable performance. In conclusion, the evidence gathered in this research has added to the body of knowledge and will assist in the development of a future framework in the area of Sustainable performance driven by SD program for SMME suppliers.



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# Appendix A: Invitation to Participate in the Study

GIBS: Supplier Development Research (Participation Request) External inbox x ETHICAL CLEARANCE x

 **Todani Ramadolela** <2296113@mygibs.co.za>  
to helpdeskmailbox, BPSASD ▾

7 Jun 2023, 01:01 ☆ ↶

Good day ,

I trust you are well.

My name is Todani Ramadolela (CA SA , a Masters' in Business Administration (MBA) student at the Gordon Institute of Business Science, University of Pretoria. I am currently conducting research as part of my MBA in the field of Supplier development within multinationals with the following title:

## "Sustainable supplier development (SSD) within multinationals as an enabler of sustainable performance"

Your company has been profiled as one of the entities that fits the profile of the research and will appreciate your assistance thereof (See below summary of the research process to be followed ).  
The research process (Summary):


- 1 semi structured interview with one Business Leader/Executive/Manager who is part of the companies Supplier development program/Supply chain Management.
- An interview with between 2-3 of your selected suppliers who are also part of the enterprise supplier development (ESD) program within your organisation.
- The interviews will not take more than 45 minutes each and will be conducted at a date and time suitable to your diaries (To be planned a months in advance)
- The company has a choice to remain anonymous and the data collected will remain confidential at all times with all findings generalised across the sample.

Your assistance and contribution to this research will be highly appreciated and will add value to the body of knowledge and future development of theory.

**Please advise as to your availability for a quick phone call/Zoom/video call to clarify any issues and to further explain how the process will unfold.**

**N:B Also see attached letter of confirmation from the university regarding the validity of the research .**

Kind Regards  
Todani Ramadolela  
076 11 68 487

One attachment • Scanned by Gmail 



# Appendix B: Informed Consent Letter

## Informed consent for interviews

I am conducting research on the following research topic “**Sustainable supplier development (SSD) within companies as an enabler of sustainable performance**”. Our interview is expected to last **30-60 minutes**, and will help us understand **how Sustainable supplier development (SSD) within companies enables sustainable performance**. Your participation is voluntary and you can withdraw at any time without penalty. By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded;
- The recording to be transcribed by a third-party transcriber, who will be subject to a standard non-disclosure agreement;
- Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organisation;
- The data to be used as part of a report that will be publicly available once the examination process has been completed; and
- All data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: Todani Ramadolela  
Email: [22961136@mygibs.co.za](mailto:22961136@mygibs.co.za)  
Phone: 076 11 68 487

Research Supervisor : Prof. Kerrin Myres  
Email: [myresk@gibs.co.za](mailto:myresk@gibs.co.za)  
Phone: +27 11 771 4000

Signature of participant: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_  
Date: \_\_\_\_\_

## **Appendix C: Research Instrument**

RESEARCH GUIDE: Sustainable supplier development (SSD) within Companies as an enabler of sustainable performance

### **To Suppliers**

1. Please briefly describe your experience of participating in this (or your most recent) supplier development program.
2. Could you share with us why you and your company joined/are enrolled in this program?
3. Do you think you and your company are doing well in this program? How so?
4. Could you describe how you and your colleagues worked/are working with the buying company during this program?
5. Who else are you or your colleagues working with to complete the program with the best results?
6. How would you describe your experience working with them (i.e., the contributors)?
7. What do you get from this program/those programs you participated in that you think are most helpful to you and/or your team? (Benefits)
8. What's required of you to remain part of this program?
9. What are some of the key beneficial activities of the program?
10. What's your understanding of sustainable performance (Social / environmental/Economic)?
11. How do you ensure environmental sustainability in your organisation?
12. Has the program improved your environmental compliance? If so, how so?
13. How do you ensure social sustainability in your organisation?
14. Has the program improved your social compliance? If so, how so?
15. How do you ensure economic (profitability) sustainability in your organisation?
16. Has the program improved your Economic compliance? If so, how so?
17. Do you believe you are performing better now being part of the program as compared to before?
18. Any other key highlight of the program?

## **To Buying Firms**

19. Please briefly describe your experience of managing/co-organising this (or your most recent) supplier development program.
20. Why, in the first place, does your team/leadership think that you should do this?
21. How do you recruit your suppliers and decide which ones should be enrolled?
22. How do you monitor the supplier development program during, for example, the past six months?
23. How does your company evaluate the program? Why are you (or not) looking at this/that aspect (e.g. refer to a statement in their report)?
24. Who else are you or your colleagues working with as part of the program with the best results?
25. How would you describe your experience working with them (i.e. the contributors)?
26. How would you describe your experience working with them (i.e. the Suppliers)?
27. What is sustainability in the context of purchasing?
28. What is sustainable performance in the context of a buyer-supplier relationship?
29. What language do you use and why (responsible sourcing/ethical trading, etc.)
30. How is the sustainable supplier purchasing process different to the traditional purchasing process?
31. What measures/initiatives as part of the program are put in place to ensure the environmental sustainability of buyers/suppliers?
32. How do you measure environmental sustainability improvements on the side of buyers/suppliers? And how often do you do so?
33. What measures/initiatives as part of the program are put in place to ensure the social sustainability of buyers/suppliers?
34. How do you measure social sustainability improvements on the side of buyers/suppliers? And how often do you do so?
35. What measures/initiatives as part of the program are put in place to ensure the economic sustainability of buyers/suppliers?
36. How do you measure Economic sustainability improvements on the side of buyers/suppliers? And how often do you do so?
37. Do you believe you are performing better now, having the program in place as compared to before?
38. Any other key highlight of the program?

**Adapted from** (Cole & Aitken, 2019):

Cole, R., & Aitken, J. (2019). Selecting suppliers for socially sustainable supply chain management: post-exchange supplier development activities as pre-selection requirements. *Production Planning & Control*, 30(14), 1184–1202.

**Adapted from** (Liu et al., 2018):

Liu, L., Zhang, M., Hendry, L. C., Bu, M., & Wang, S. (2018). Supplier development practices for sustainability: A multi-stakeholder perspective. *Business Strategy and the Environment*, 27(1), 100–116.

## Appendix D: Consistency Matrix

PROPOSITIONS/ QUESTIONS/ HYPOTHESES	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
How is Supplier Development Enabling Environmental Sustainability?	Sancha et al., 2015 Agan et al., 2016 Lu et al., 2012 Luthra et al., 2017 Lo et al., 2018	Question 10,11,12,27,28, 31,32	Content analysis on open-ended questions to determine how it's achieved.
How is Supplier Development Enabling Social Sustainability?	Sancha et al., 2015 Jia et al. 2018 Dubey et al., 2017 Lu et al., 2012 Luthra et al., 2017 Lo et al., 2018	Question 10,13,14,27,28, 33,34	Content analysis on open-ended questions to determine how it's achieved.
How is Supplier Development Enabling Economic Sustainability?	Sancha et al., 2015 Lu et al., 2012 Luthra et al., 2017 Jia et al., 2018 Kumar & Rahman, 2016	Question 10,15,16,27,28, 35,36	Content analysis on open-ended questions to determine how it's achieved.

## Appendix E: Ethics Approval

**Masters Research**  <MastersResearch@gibs.co.za>  
to me, Masters ▾

**Gordon Institute  
of Business Science**  
University of Pretoria

**Ethical Clearance  
Approved**

Dear Todani Ramadolela,

Please be advised that your application for Ethical Clearance has been approved.  
You are therefore allowed to continue collecting your data.  
We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.



# Appendix F: Code and Themes Analysis Extract

## Excel Spreadsheet code Extract 1

Interview w no	THEMES-HIGH-LEVEL			Other key factors	
	ENVIRONMENTAL-Sustainability (1)	SOCIAL-Sustainability (2)	ECONOMIC- Sustainability (3)	Benefits/Value add activities-Leading to triple b-line	External Parties-contributors
1	Safety, health, environment, and quality (SHEQ) profiling Green friendly environment and green energy Education Recycling - Waste separation Bins procedure	Local Employment and Training Charity participation within communities	Marketing and branding Financial Assistance (PO Financing/Working capital financing/Grants/Capital Loans for expansion) Business Centre (office space,wifi,internet)	Development of a safety and the quality file Financial Education courses Moral or psychological support Legal Support Mentorship	I am an Entrepreneur
2	Environment standards and regulations	Local Employment (22 Jobs) CSI-Soup Kitchen	Financial Management (Cost and Margin controls) Local products	Brand Equity and Marketing Training and conferences	Financial Institutions
3	Refer to Program Lead Transcription TAB				
4	Recycling of papers Limit car Travel and car pooling Zoom meeting vs Physical meetings	Good HR practices: No to Slavery Charity- Community assistance (Tuition/Registration)	HR and finance Manual Development Marketing Training Cost Tracking and Analysis	Mentorship Networking	Independent Mentors
5	Recycling Waste Separation and management -Oil	Giving away Food/ Food Parcels Church and School donations	Pricing Analysis Discounts from Purchases-Savings Sourcing Right Products	Different Training	Training Specialists
6	Recycling of Waste (OIL,Catriges,old tyres) Solar System -Off Grid clean Energy Safety and Environmental Compliant Audits	Local Employment Women Empowerment - Jobs Training and Development of Women	Financial Support Invoice payments with no delays Expansion capital Cost Management	Employee Training and development System Training Financial support etc Expansion capital support General Support	System Specialists e.g Ariba
7	Less Printing /Digitisation and cloud	Training and development of Youth and graduates Local Recruitment Employee rights/laws	Project Management Tools Networking and Financial Assistance/Loans at zero interest Systematic Approach to business Systems e.g SAGE Correct pricing/costing / Market and customer analysis Project pipeline/Marketing /Soliciting work through websites and Marketing. Financial Performance KPI	Training and Development Bootcamps HR/SALES AND Strategy Learnings etc Deep dive Company need analysis	Coach/Mentor Accountants/ SAGE
8	Safety Officer on site for compliance Waste separation for recycling	Charitable means to schools Bursaries for disadvantaged kids Localisation -Subcontracting Localisation -Workforce	Performance Tracking Financial Assistance/Grants and Loans Client Diversification and Service/product diversification		
9	Health and Safety Policy Solar power - green energy	Localisation Local Labour force Health and Safety of employees	More work-project pipeline	Coaching and Mentorship Bootcamps Training sessions	

## Excel Spreadsheet code Extract 2

Interview no	THEMES-HIGH-LEVEL			Other key factors	
	ENVIRONMENTAL-Sustainability (1)	SOCIAL-Sustainability (2)	ECONOMIC- Sustainability (3)	Benefits/Value add activities-Leading to triple b-line	External Parties-contributor
15	Switch to green renewable Energy (Carbon neutral by 2050) (Building a solar Plant to power operation)  Environmental Education -Encouraged to do so	Non-committal Charitable donations/contributions  Local Employment Local Procurement  Early childhood development Poverty index indices of that community	Access to Market (Contract Renewals etc)  Financial Assistance -Loans and Grants	Management Courses (Finance, contractors and general management)  Financial Support (Grants and Loans) Non-Financial Support (Training and development)  Coaching and Mentorship	GIBS  I am an Entrepreneur SAICA
2	Green-Energy Low emissions HSSE process -Accreditation OMS Annual Audits	Labour Rights Local Employment	Financial Assistance -Loans and Grants Market access - Work pipeline	Mentorships	NEF SEFA

THEMES: Primary

Consistency matrix

Research Question 1	How is Supplier development enabling environment	Research Question per guide (19-38)	More Understanding Questions
	ENVIRONMENTAL-Sustainability (1) 1. Green and renewable Energy 2. Environmental Education 3. Health, Safety, Security & Environment (HSSE)	Q31 /32 /30	Q19/ 27/28/29
Research Question 2	How is Supplier development enabling Social sustainability ?	Q33 /34 /30	
	SOCIAL-Sustainability (2) 1. Local Employment (Localisation) 2. Local Procurement (Localisation) 3. Corporate Social Investment (CSI) 3.1 Charitable donations/contributions		

N:B Grouped codes presented on the below Tables

## 1. Environmental Sustainability

<b>CODES</b>	<b>Interview Reference</b>	<b>THEMES</b>
Safety, health, environment, and quality (SHEQ) profiling	1	Regulatory Compliance
Recycling - Waste separation Bins procedure	1	Waste Management (Recycling and Waste Separation Management)
Environment standards and regulations	1	Regulatory Compliance
Green-Energy	2	Green and renewable Energy
Low emissions	2	Green and renewable Energy
HSSE process -Accreditation	2	Regulatory Compliance
Recycling of papers	4	Waste Management (Recycling and Waste Separation Management)
Limit car Travel and carpooling	4	Digitisation of Business Processes
Zoom meeting vs Physical meetings	4	Digitisation of Business Processes
Recycling	5	Waste Management (Recycling and Waste Separation Management)
Waste Separation and management -Oil	5	Waste Management (Recycling and Waste Separation Management)
Recycling of Waste (OIL, Catriges, old tyres)	6	Waste Management (Recycling and Waste Separation Management)

Solar System -Off Grid clean Energy	6	Green and renewable Energy
Safety and Environmental Compliant Audits	6	Regulatory Compliance
Less Printing /Digitisation and cloud	7	Digitisation of Business Processes
	8	Waste Management (Recycling and Waste Separation Management)
Waste separation for recycling		
Health and Safety Policy	9	Regulatory Compliance
Solar power - green energy	9	Green and renewable Energy
	10	Waste Management (Recycling and Waste Separation Management)
Waste Separation- waste Bins		
	11	Waste Management (Recycling and Waste Separation Management)
Waste separation for Recycling		
	12	Waste Management (Recycling and Waste Separation Management)
Reusing of waste cuts to fire the burning chamber		
Safety protocol	12	Regulatory Compliance
	13	Waste Management (Recycling and Waste Separation Management)
Dust Suppression system		

Waste Separation	13	Waste Management (Recycling and Waste Separation Management)
Recycling of papers	13	Waste Management (Recycling and Waste Separation Management)
Switch to green renewable Energy (Carbon neutral by 2050) (Building a solar Plant to power operation)	15	Green and renewable Energy

## 2. Social Sustainability

<b>CODES</b>	<b>Interview Reference</b>	<b>THEMES</b>
Local Employment and Training	1	Local Employment
Charity participation within communities	1	Corporate Social Investment (CSI)
Local Employment (22 Jobs)	2	Local Employment
CSI-Soup Kitchen	2	Corporate Social Investment (CSI)
Labour Rights	3	Employee Wellness
Local Employment	3	Local Employment
Good HR practices: No to Slavery	4	Employee Wellness
Charity- Community assistance (Tuition/Registration)	4	Corporate Social Investment (CSI)
Giving away Food/ Food Parcels	5	Corporate Social Investment (CSI)
Church and School donations	5	Corporate Social Investment (CSI)
Women Empowerment – Jobs	6	Local Employment
Training and Development of Women	6	Local Employment

Training and development of Youth and graduates	7	Local Employment
Local Recruitment	7	Local Employment
Employee rights/laws	7	Employee Wellness
Charitable means to schools	8	
Bursaries for disadvantaged kids	8	Corporate Social Investment (CSI)
Localisation -Subcontracting	8	Local Training and Development (SMME)
Localisation	9	Local Employment
Local Labour force	9	Local Employment
Health and Safety of employees	9	Employee Wellness
Training and development- Internships	10	Local Training and Development (SMME)
Charitable Means - e.g Nelson Mandela Day Donations	10	Corporate Social Investment (CSI)
School kids Adoption (Uniformd/ Fees /trips etc)	11	Corporate Social Investment (CSI)
Employee Wellness (Finance trainings / Ladies talks )	11	Employee Wellness
Local Employment	12	Local Employment
Employee Welness -Safety and health	13	Employee Wellness
Correct PPE for Employees	13	Employee Wellness
Community Based Startup Support	13	Local Training and Development (SMME)
Training and development of companies	13	Local Training and Development (SMME)
Charitable donations - Schools etc	13	Corporate Social Investment (CSI)
Building an Orphanage	14	Corporate Social Investment (CSI)
Donation of food to disadvantaged communities and Orphanages	14	Corporate Social Investment (CSI)

Non-committal Charitable donations/contributions	15	Corporate Social Investment (CSI)
Local Employment	15	Local Employment
Local Procurement	15	Local Training and Development (SMME)
Early childhood development	15	Corporate Social Investment (CSI)
Poverty index indices of that community	15	Corporate Social Investment (CSI)

### 3. **Economic Sustainability**

<b>CODES</b>	<b>Interview Reference</b>	<b>THEMES</b>
Marketing and branding	1	Market Access
Financial Assistance (PO Financing/Working capital financing/Grants/Capital Loans for expansion)	1	Financial Support (Grants Funding, working capital, capital expansion loans)
Business Centre (office space, wifi, internet)	1	Operational Efficiency
Financial Management (Cost and Margin controls)	2	Operational Efficiency
Financial Assistance -Loans and Grants	3	Financial Support (Grants Funding, working capital, capital expansion loans)
Market access - Work pipeline	3	Market Access
HR and finance Manual Development	4	Operational Efficiency
Marketing Training	4	Market Access
Cost Tracking and Analysis	4	Operational Efficiency
Pricing Analysis	5	Operational Efficiency
Discounts from Purchases-Savings	5	Operational Efficiency
Sourcing Rioght Products	5	Operational Efficiency

Expansion capital	6	Financial Support (Grants Funding, working capital, capital expansion loans)
Cost Management	6	Operational Efficiency
Invoice payments with no delays	6	Financial Support (Grants Funding, working capital, capital expansion loans)
Project Management Tools	7	Operational Efficiency
Networking and Financial Assistance/Loans at zero interest	7	Financial Support (Grants Funding, working capital, capital expansion loans)
Systematic Approach to business	7	Operational Efficiency
Systems e.g SAGE	7	Operational Efficiency
Correct pricing/costing / Market and customer analysis	7	Operational Efficiency
Project pipeline/Marketing /Soliciting work through websites and Marketing.	7	Market Access
Financial Performance KPI	7	Operational Efficiency
Performance Tracking	8	Operational Efficiency
Financial Assistance/Grants and Loans	8	Financial Support (Grants Funding, working capital, capital expansion loans)
Client Diversification and Service/product diversification	8	Market Access
More work-project pipeline	9	Market Access
Financial Support -Loans and Grants/ Capital for expansion	10	Financial Support (Grants Funding, working capital, capital expansion loans)
Access to Market -Work Pipeline	10	Market Access
Brand Equity by association	10	Market Access
Cost Management (Eliminate non-essential costs)	10	Operational Efficiency
Asset Sweating	10	Operational Efficiency

Marketing and branding (FOR MORE WORK)	11	Market Access
Website for more business	11	Market Access
Financial Assistanmce -Grants and Loans	11	Financial Support (Grants Funding, working capital, capital expansion loans)
Financial Assistance - Capital for Expansion	12	Financial Support (Grants Funding, working capital, capital expansion loans)
Systems and Structures	12	Operational Efficiency
Cost management	12	Operational Efficiency
Soliciting new Clientele	12	Market Access
Cost Management (Eliminate non-essential costs)	13	Operational Efficiency
Financial management trainings	14	Operational Efficiency
Financial Assistance – Grants	14	Financial Support (Grants Funding, working capital, capital expansion loans)
Marketing for more business	14	Market Access
Offering High Quality products- Client Retention	14	Operational Efficiency
Access to Market (Contract Renewals etc)	15	Market Access
Financial Assistance -Loans and Grants	15	Financial Support (Grants Funding, working capital, capital expansion loans)

#### 4. Secondary Drivers (Environmental/Social/Economic)

<b>CODES</b>	<b>Interview Reference</b>	<b>THEMES</b>
Financial Education courses	1	Training and Development (Including Mentorship and Coaching)
I am an Entrepreneur	1	SMME Ecosystem Creation



Training and conferences	2	Training and Development (Including Mentorship and Coaching)
Financial Institutions SEFA and NEF agencies	2	SMME Ecosystem Creation
Mentorship	4	Training and Development (Including Mentorship and Coaching)
Networking	4	SMME Ecosystem Creation
Independent Mentors	4	Training and Development (Including Mentorship and Coaching)
Continuous Audits	4	Monitoring and Evaluation
System Training	6	Training and Development (Including Mentorship and Coaching)
System Specialists e.g Ariba	6	SMME Ecosystem Creation
Key performance assessments	7	Monitoring and Evaluation
HR/SALES AND Strategy Learnings etc	7	Training and Development (Including Mentorship and Coaching)
Coaching and Mentorship	9	Training and Development (Including Mentorship and Coaching)
SAICA Financial Management Course	10	Training and Development (Including Mentorship and Coaching)
SAICA	10	SMME Ecosystem Creation
Coach/Mentor	10	Training and Development (Including Mentorship and Coaching)
Insight and performance report analysis	10	Monitoring and Evaluation
SEDA	10	SMME Ecosystem Creation
Productivity SA	11	SMME Ecosystem Creation

Financial Education courses	11	Training and Development (Including Mentorship and Coaching)
Training and Development (Systems/Communication /Marketing ,Finance . Inventory etc)	12	Training and Development (Including Mentorship and Coaching)
SEDA	12	SMME Ecosystem Creation
Financial Education courses	13	Training and Development (Including Mentorship and Coaching)
SAICA	13	SMME Ecosystem Creation
Experts e.g Marketing	13	SMME Ecosystem Creation
SAICA Financial Management Course	14	Training and Development (Including Mentorship and Coaching)
SAICA	14	SMME Ecosystem Creation
Management Courses (Finance, contractors and general management)	15	Training and Development (Including Mentorship and Coaching)
Coaching and Mentorship	15	Training and Development (Including Mentorship and Coaching)
Baseline data for benchmarking	15	Monitoring and Evaluation
SAICA	15	SMME Ecosystem Creation