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Analysis of the implementation of the Supplier Code of Conduct
Case: Company X, Russia

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Abstract
The practice of corporate social responsibility is evolving, and its expansion has reached the supply chain partners including suppliers. The trend of outsourcing business activities and the globalization of the economy along with NGOs’ initiatives and the demand for transparency led to corporations’ supply chains being under scrutiny. Companies’ reputation is suffering due to relations with suppliers acting against the laws and regulations. With the help of different strategies like devising the written documents with requirements like a supplier code of conduct, training and monitoring, a company is able to exert the influence on suppliers.

The objective of this thesis was to analyze the implementation of the supplier code of conduct across the supply chain of the commissioning company. The research was aimed at investigating the process of the practical implementation of the document, analyzing the strategies for integrating the document into the business practice of the suppliers. The research is based on the company operating in forest industry, which has introduced the supplier code of conduct in Russia.

The theoretical framework consists of the theories about the corporate social responsibility and the tools for managing the corporate social responsibility in a supply chain. The empirical part rests on primary data, which was collected by conducting semi-structured interviews. For this study the whole number of interviews being conducted was 28, comprising suppliers, managers and the members of the work team who have planned the training sessions and the implementation in the company’s department in Russia.

The commissioning company has started to implement the supplier code of conduct, and has devised the written document that is attached to the contracts with the suppliers, as well as, has conducted training sessions. The research has revealed the managers and the suppliers relied mostly on forthcoming audits and monitoring as an effective tool of the implementation of the SCoC. The training was not sufficient for the suppliers. It was identified the suppliers lacked deep knowledge of the requirements stated in the supplier code of conduct. The opinions of the managers and the suppliers were collected and analysed, which served as explanatory factors of such results. In the conclusion, the recommendations based on the results and theories are provided.

Subject headings, (keywords)
Code of conduct, Supplier code of conduct, training of suppliers, CSR in Russia, CSR in the forest industry.
CONTENTS

1 INTRODUCTION ......................................................................................................................... 1

2 CORPORATE SOCIAL RESPONSIBILITY ................................................................. 2
   2.1 Defining corporate social responsibility ................................................................. 3
   2.2 CSR practice in different countries ........................................................................ 6
   2.3 Corporate social responsibility in a supply chain .................................................. 10
       2.3.1 Exercising company’s influence over suppliers ............................................. 11

3 TOOLS FOR MANAGING CSR IN A SUPPLY CHAIN ........................................ 15
   3.1 Code of conduct ....................................................................................................... 15
       3.1.1 Supplier code of conduct ............................................................................... 16
   3.2 Monitoring and auditing supplier’s performance ..................................................... 22
       3.2.1 External audit .................................................................................................... 22
       3.2.2 CSR in the Russian forest sector ..................................................................... 24
       3.2.3 Internal audit ..................................................................................................... 26
   3.3 Training and developing suppliers ........................................................................... 27
   3.4 Practical application of strategies ............................................................................. 28

4 COMMISSIONING COMPANY CASE ............................................................................. 30

5 RESEARCH METHODS AND DATA COLLECTION .............................................. 32
   5.1 The research objective and research questions ....................................................... 33
   5.2 Research design and research methods ................................................................... 34
   5.3 Interview design ...................................................................................................... 37
   5.4 Data collection .......................................................................................................... 38
       5.4.1 Semi structured interviews ............................................................................. 38
       5.4.2 Observation ....................................................................................................... 40
   5.5 Analyzing the data .................................................................................................... 41
   5.6 Trustworthiness of the research .............................................................................. 42

6 RESEARCH RESULTS ........................................................................................................... 43
   6.1 Interviews with the suppliers ................................................................................... 43
   6.2 Interviews with the managers of Company X ......................................................... 49
   6.3 Interviews with the work team members ................................................................. 54
   6.4 Interview with the top manager .............................................................................. 56
   6.5 Observation during the training session .................................................................... 58

7 CONCLUSION ....................................................................................................................... 59
   7.1 Responses to the research questions ....................................................................... 59
1 INTRODUCTION

Along with a corporate code of conduct, companies have recognized the importance of devising a supplier code of conduct that consists of different standards and principles that suppliers are expected to maintain. Ethical sourcing that serves as an umbrella for codes and guides for suppliers is employed by companies to steer the way suppliers and sub-suppliers address the social, environmental and economic risks and challenges. Companies are willing to protect themselves from social and environmental abuse from this group of stakeholders by acknowledging and enforcing corporate social responsibility principles of the company.

With the rise of Corporate Social Responsibility (CSR) companies have become more vulnerable to close scrutiny. In different industries there are examples of companies being accused of unethical business behaviour. Among them are Apple Inc, Nestle and Zara, whose suppliers and sub-suppliers were caught violating human rights and environmental regulations. In other words, companies are to blame for having relationships with violators. In the new business context with global and sophisticated supply chains, social and environmental activists, and tough competition, a supplier code of conduct has become a necessity in achieving sustainable goals in business practices across the whole supply chain. However, a supplier code of conduct should be more than just a nicely written report, but a reputable document with real implications.

The objective of this thesis is to analyze the implementation of the supplier code of conduct across the supply chain of the commissioning company. The research is aimed at investigating the process of practical implementation of the document, analyzing and searching for the strategies for integrating the document into the business practice of the suppliers. The research is based on the company operating in a forest industry, which has introduced the supplier code of conduct in Russia.

In order to achieve the research objective, the following research questions should be answered:

RQ1 How do the suppliers perceive the Supplier Code of Conduct?
RQ2 What resources should be provided to the suppliers to facilitate the compliance with the Supplier Code of Conduct?
RQ3 How can the Supplier Code of Conduct affect the relationship between the company and the suppliers?

RQ4 How have the principles and standards of the Supplier Code of Conduct been communicated to the suppliers by the commissioning company?

RQ5 How successful are the strategies of the implementation of the Supplier Code of Conduct employed by the commissioning company?

As the outcome of this research, practical suggestions will be provided for the commissioning company based on the answers to the research questions. It will assist the company in improving strategies for the implementation of the Supplier Code of Conduct and developing communication and relationships between the company and the suppliers.

The work comprises three parts theoretical background, empirical part and conclusion. The theoretical framework is composed of the main chapters called Corporate Social Responsibility and Tools for Managing CSR in a supply chain. The theoretical background will focus on the importance of the compliance with the code of conduct across the whole supply chain and the strategic coordination of the suppliers in order to help them to integrate and comply with the code of conduct. The empirical part consists of the findings gained from the interviews with the suppliers and managers of the commissioning party, as well as the interviews with the work team and a top manager. The thesis will be summarized with the conclusions of the research by presenting findings and suggestions regarding the future development of the Supplier Code of Conduct and its implementation.

2 CORPORATE SOCIAL RESPONSIBILITY

The principles and terms that serve as a basis for the corporate social responsibility such as “virtue” and “ethics”, as well as the idea of responsible trade can be traced back to Aristotle’s work “Nicomachean Ethics” written around 330 BC (Biehl, Hoepner & Liu 2012, 4). The modern sense of corporate social responsibility is considered to be originated in 1953 by Howard R. Bowen in his publication “Social Responsibilities of the Businessman” (Carroll 1979). Before providing the definition of the term “Corporate Social Responsibility” it is worth mentioning that the concept of CSR is shrouded in
ambiguity. Thus, the different interpretations of the term and the concept will be presented in order to emphasize the challenges of the practical implementation of CSR through illustrating debates in academic literature.

2.1 **Defining corporate social responsibility**

The modern definition of CSR is not uniform and has evolved since the first notable notice, which is attributed to Bowen who wrote about responsibility in business in his book *Social Responsibility of the Businessman* (Garriga & Melé 2004, 51). A plethora of the interpretations of corporate social responsibility and the role of business can be presented by views of scholars, whose opinions about the responsibility of business form different approaches. The authors refer to three common approaches shareholder approach, stakeholder approach, and societal approach. It can be a starting point for the historical perspective of the evolution of the term (Van Marrewijk 2003).

The advocate for the shareholder approach Milton Friedman (1962, 112) stated “[…] the only one social responsibility of business […] is to increase its profits […]” (Van Marrewijk 2003, 96). This approach focuses on profit maximization. On the contrary, the stakeholder approach that is credited to R. Edward Freeman (1984) tries to align interests of different stakeholders and take into account the issues that are affecting various groups (Van Marrewijk 2003, 96). Scholars also distinguish a third societal approach, which relies on a broader definition of CSR. In the context of the societal approach, organizations are perceived to be an integral part of the society and responsible to the whole society (Van Marrewijk 2003, 97). In other words, these approaches emphasize responsibilities of the organizations to groups or a group of stakeholders, whether it is shareholders, or the society as a whole, or multiple stakeholders simultaneously. These approaches have contributed to the evolution of definitions of CSR, which are developing in differing directions.

Meanwhile, some authors have devised another set of criteria for CSR theories that overlaps with the approaches mentioned earlier. They might reveal some other points of the academic debate on CSR; and as a result may help to address relevant components of the definition of corporate social responsibility. For instance, Garriga and Melé (2004) classified CSR theories in four groups: *instrumental theories, political theories, integrative theories and, ethical theories.*
**Instrumental theories**

This group of theories can be presented by the already mentioned phrase of Milton Friedman (1962, 112):

“There is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.”

Instrumental theories view CSR as one of the tools for achieving profit maximization and economic benefits. These theories gain lots of support from companies. The abundance of the investigations on CSR being linked to economic performance can serve as a proof of the demand for this research and practical implications (see e.g. Orlitzky et al 2003). The common examples of implication of the theories are investments in philanthropy in pursuit of profits and the case illustrated by Milton Friedman (1970), the investment in the local community, which might contribute to the advantage in the recruiting and attracting employees (Garriga & Melé 2004, 53). Moreover, CSR practice can be turned into a marketing tool to win customers’ loyalty and to improve a company’s image.

**Political theories**

The political group comprises concepts and theories that emphasize the company’s power and its role in the society. Davis (1960) is referred to as the contributor of developing the theory of business being the social institution with power, which must be used responsibly (Garriga & Melé 2004, 55). Moreover, some scholars have recognized business as a corporate citizen who steps into the arena to protect civil and social rights when a government failure takes place (Matten & Crane 2005). Companies as corporate citizens can both strive for better conditions and rights for the society and, on the contrary, may overreach in promoting their own interests. For example, companies may choose to pay their employees living wages instead of minimum wages, they may invest in educational institutions, where it is especially needed (e.g. The Coca-Cola Foundation invests in the education for marginalized girls (DFID 2014). They may also take a proactive stance in dealing with officials [e.g. Brazilian businessman Ricardo Semler stands against corruption and works towards management transformation (Smith
1992). On the other hand, companies may employ lobbying tactics for addressing single-issue interests of their own, and benefit from the political unrest and unjust in the country, like in the case of Burma and South Africa during the apartheid (Matten and Crane 2005).

**Integrative theories**

According to Garriga & Melé (2004), the integrative theories argue a business is a part of the society and it should respond to its demands, as a business owes its existence to the society. Some examples of the approaches within this group of theories are the stakeholder approach that implies the consideration of all stakeholders’ interests, as by managing their interests the company is able to respond to the demands, and the corporate social performance aiming at providing the notion of leading the company towards better social performance (see Carroll 1979). In sum, the theories claim the success of a company depends on the prosperity of the society.

**Ethical theories**

“"Corporations are places where both individual human beings and human communities engage in caring activities which are aimed at mutual support and unparalleled human achievement."” (Freeman & Liedtka 1991)

Ethical theories have derived from the philosophical thoughts and concepts about right and wrong, and the common good, from universal rights and the idea of preserving the environment for the future generations. As the main approaches, Garriga & Melé (2004) named the stakeholder normative theory, which involves the notion about “the fiduciary relationship with stakeholders” (Freeman 1984), and sustainable development that includes the alignment of economic, social and environmental pillars. Furthermore, ethical theories recognize the thought of common good, urging business to contribute to the prosperity of the society without compromising and harming it.

The definition has evolved and expanded, and still can vary due to the perceptions and the bias towards specific interests (Van Marrewijk 2003, 96). Meanwhile, there are some common concepts that are usually embedded in the definition of CSR. The recognition of the interests of different stakeholders, and the importance of the alignment of
three pillars (social, economic and environmental) are among these concepts. Another
dimensions, which is also attributed to the key notions of the CSR, is the voluntariness
dimension (Dahlsrud 2006).

According to Dahlsrud (2008), one of the most frequently used definitions of CSR is
credited to Commission of the European Communities (2001): “A concept whereby
companies integrate social and environmental concerns in their business operations and
in their interaction with their stakeholders on the voluntary basis”. While some steps
towards presenting the academic debate around defining CSR have been made, the prac-
tical challenges and implications of CSR will be discussed in the following chapters.

2.2 CSR practice in different countries

Some studies have revealed the difference in CSR practice among countries (Matten &
Moon 2008, Maignan & Ralston 2002). There is a difference in the level of dedication
to being perceived as socially responsible, and the emphasis on CSR issues and their
level of importance (Maignan & Ralston 2002). This is particularly important nowa-
days, as companies are operating in different countries and continents, and such a dis-
tinction in comprehension and practice can result in conflicts and challenges. Thus, the
factors that contribute to such differences will be discussed.

Factors affecting CSR in practice

While there are some disagreements regarding the definition of CSR, the understanding
and practicing CSR vary among countries due to other factors. According to Whitley
(1997) every country has historically grown institutional framework which shapes and
constitutes a “national business systems” (NBS) (Matten & Moon 2004, 348). Some
theories including this concept were adopted by Matten and Moon (2008), who have
devised a framework for the comparative analysis of the corporate social responsibility
in order to identify the reasons of the distinctions. The comparison was based on the
United States and Europe. The authors claim that there is a difference between North
American and European CSR, however, the evidence suggests the US-style of CSR is
spreading to Europe. Matten and Moon have argued the US-style of CSR is a more
explicit form of the corporate responsibility, while the European countries are less motivated in adopting an explicit CSR style. Therefore, two elements of CSR, the explicit and implicit, have been distinguished.

*Explicit CSR* refers to the form of the corporate policies that usually involve voluntary programs to address issues perceived as the social responsibility of the company. It is usually turns into a strategic decision of the corporation and motivated by the expectations of different stakeholders. *Implicit CSR* consists of values, codified norms and rules that form rather mandatory and customary requirements and obligations of corporations to address stakeholders` issues (Matten & Moon 2008, 409).

The conceptual framework for a comparative analysis, devised by Matten and Moon, identifies the key features causing the distinction among countries. The features are the following.

— **Political systems** focus on the power of the state and the engagement of governments in the economic and social activities.

— **Financial systems** define the stakeholders that play an important role to corporations [stock markets as the main source of obtaining the capital (more common in the US), which makes corporations more accountable to shareholders-investors, compared to banks (more of the case in Europe) and the European model of stakeholders].

— **Educational and labor systems** illustrate the levels (national versus corporate) of resolving the issues related to education and labor (eg, in the US education has become the area of strategic decisions, as the presence of American governmental policies are relatively weak, as well as the role of unions in the US is weaker than in Europe).

— **Cultural systems** involve the level of reliance on representatives like political parties, unions and associations, churches and the state (Matten & Moon 2008, 407-408).
Matten and Moon (2008) have also argued the four features influence on the national business systems (NBSs), in terms of the nature of the firm, the organization of market processes, and coordination and control systems.

- **Nature of the firm** focuses on the form of ownership coordination. For instance, the authors compared the contract-based ownership, more common in the Anglo-Saxon countries, and a direct ownership through networks of banks and insurance (Matten & Moon 2004, 348). Such a distinction can result in the accountability of the firms to different stakeholders. Contract based ownership makes corporations more susceptible to be responsible to shareholders (investors), while direct ownership implies a more expanded list of stakeholders beyond shareholders (Matten & Moon 2008, 408).

- **Organization of market processes** represents the economic relations that is constrained between two extremes: markets and alliances. This feature is important for CSR as it touches upon the issues like consumer protection, product stewardship, and liability for products (Matten & Moon 2008, 408-409).

- **Coordination and control systems** characterize the employer-employee relations involving the degree of trust, the level of employees’ autonomy, and the
degree of managers’ responsibility towards employees (Matten & Moon 2008, 409).

Other components of the framework developed by Matten and Moon are the drivers of an explicit CSR. They have identified the following drivers.

— **Coercive isomorphism** is a response (a change) to the pressure from the party that the corporation may depend on or to the pressure derived from the expectations of the society. The codified rules and norms produced by other actors compel corporations to adopt the initiatives like a code of conduct, or the compliance with environmental regulations (Matten & Moon 2008, 411-412). For example, clients and customers may expect and demand from corporations to adopt ISO-standards.

— **Mimetic processes** occur when a corporation tries to imitate (mimic) the practices of other organizations, usually in an uncertain or complex environment.

— **Normative pressures** refer to the change occurred in an organization due to the standards set by educational or professional bodies (Matten and Moon 2008, 412). For instance, educational programs for managers that have the same content for different organizations.

This model is particularly useful, as it provides the framework for the analysis of the factors and drivers influencing the company’s choice to practice CSR, and the choice of doing so explicitly or implicitly.

**CSR in the Russian context**

Kuznetsov et al (2009) have studied CSR in the Russian context. The authors identified the economic and financial situations that may partly explain the institutional framework in Russia in relation to CSR. In the 1990s, the privatization of public assets in Russia was a questionable and dark business, which resulted in financial damage, and in the tarnished reputation of business. The corporations’ status of legitimacy and respectability is still an issue in Russia. The author cited the results of public opinion polls supported the common perception that the stigma of fraud and corruption surrounds the Russian market (Levada-Center 2006). The business success correlates to the fraud in the minds of the Russians. The lack of trust is prevalent between the people, business
and the state, which is the critical aspect for the country. More recent public opinion polls show only 11% of Russians believe the business runs honestly, while others think the violations and torts are inevitable in making profit. At the same time, the attitude towards business in Russia is improving. It can be possibly explained by the fact that new post-soviet generation has come, who are free from the bias towards a business, as well as the improvements of the economic situation of Russians is a result of the contribution of a business. In other words, it is assumed that Russians see the benefits for the society because of a business (Churakova 2014). The authors, who investigated the CSR in the Russian context, suggest the Russian companies have to overcome the unfavorable image. Moreover, the existence of the state in the market is challenging for companies (Kuznetsov et al. 2009, 39).

The same research has found several key aspects. First, the interpretation of CSR is different in Russia in comparison to the Western countries. While the compliance with laws and regulations is perceived to be the norm and is not regarded as something special, the study of the Russian firms draws a different picture. Paying the taxes and official wages on time, abiding the law are the popular choices of the representatives of the Russian firms answering to questions about responsible business practices. At the same time, in the Russian weak institutional environment, the compliance with the laws and tax regulations is suggested to be a manifestation of CSR in the Russian context. The survey also revealed the financial component has the highest importance for the Russian managers. In other words, the Russian firms favour profit-maximizing activities, while the environment and society are not prioritized. The explanation can be found in the weak economic freedom, corruption, and insecurity of property rights (see more Kuznetsov et al. 2009). Another challenge of incorporating the social responsibility into the Russian firms is their desire to be separate from the state, but engaging in social activities may create a wrong impression (Kuznetsov et al. 2009, 41-44).

### 2.3 Corporate social responsibility in a supply chain

The practice of CSR is evolving, and its expansion has reached the supply chain partners including suppliers. The trend of outsourcing business activities and the globalization of the economy along with NGOs’ initiatives and the demand for transparency led to corporations’ supply chains being under scrutiny (Schrempf 2012). Companies’ reputation is suffering due to relations with suppliers acting against the law and regulations
(Minor & Morgan 2011). Webby (2006) has stated: “[…] CSR risks like poor working conditions, unfair labor practices, or environmentally destructive operating practices are different: they can impact any company anywhere along the value chain – but they pose the greatest risk to well-known, highly-branded companies or public institutions.”

As J. Schrempf (2012), noted corporations are attributed to be responsible “on the basis of their connection to an issue”. The author also stated CSR in a supply chain has evolved from a narrow debate on violations in a direct supplier’s business to more “broad debate on human rights violations within the corporate sphere of influence” (Schrempf 2012). Some companies especially multinationals have the levers of influence, thus, these levers should be studied in order to comprehend the capabilities of the companies to respond to the demand for CSR in a supply chain.

2.3.1 Exercising company’s influence over suppliers

There are several studies that are aimed at investigating a company’s abilities to exercise the influence on the legally independent companies like suppliers. According to Stephan (2004), the companies that hold a dominant position in the supply chain can influence partners despite the legal independence of companies. The critical factor in CSR enforcement is the ability of the company to exercise its power over the weaker partner (Amaeshi et al. 2007). Primarily, the relations and interactions between the buyer and supplier will be discussed, and thus, the necessity of different forms of governance in a supply chain emerges.

In some studies, scholars refer to value chains. In a handbook for value chain research, the authors defined a value chain as “the full range of activities which are required to bring a product or service from conception, through the different phases of production […], delivery to final consumers, and final disposal after use” (Kaplinsky & Morris 2003, 4). For this study, the more detailed definition of the value chain won’t be discussed (see more Kaplinsky and Morris 2003 for value chain), however, the term value chain will appear later and substitute the term supply chain in the context of this study. At the same time, scholars have discussed that both a supply and value chains can be transformed with the help of CSR, and one of the factor that can facilitate it across the supply chain is governance.
Governance

The coordination of economic activities that occur as a result of non-market activities is referred to governance (Humphrey & Schmitz 2000). Stephan (2004) cites the study of Fichter and Sydow (2001) who identified three characteristics that the company should possess in order to have an influence within the supply chain. The characteristics are the following:

— Number of actors: The organization of responsibility usually exists if the number of members of the supply chain is relatively small and have direct contacts with the actor who pushes the integration of CSR. Fichter and Sydow (2001) do not exclude the possibility of the organization of responsibility in more complex supply chains, however, stated the implementation of CSR is difficult in such chains.

— Quality of network relationship: The relationship should be close among actors in order to facilitate the organization of responsibility. Trust in a relationship can also affect the organization of responsibility.

— Structure of coordination forms: The structure of coordination forms impact on the ability of the companies to organize social and environmental responsibility within the supply chain. The structure of coordination forms depends on the level of centralization. The authors have distinguished two patterns: polycentric and hierarchic.

  o Polycentric supply chains are decentralized and with no dominant actors. In such supply chains, the organization of responsibility may be built upon trust and close relationships. The possibility to organize responsibility in a polycentric supply chains is determined mainly by the quality of relationships between members. While the number of actors can also be a critical factor in building responsible supply chains, this characteristic determines rather the level of difficulty of organizing social and environmental responsibility.

  o Hierarchic supply chains are structured with centralized systems managed by a dominating actor or actors.

As it is stated, the organization of responsibility is easier to implement within the hierarchic supply chains with centralized systems with one or a few dominating actors. Such
actors can exert power and influence in order to force other members of the chain to take on responsibility.

Some scholars have categorized the governance differently. Humphrey and Schmitz (2000) have defined the forms of governance and determinants of each of the form. Table 1 presents their categorization of the forms of governance.

**TABLE 1: Determinants of governance in value chains (adapted from Humphrey and Schmitz 2000,16)**

<table>
<thead>
<tr>
<th>Chain Governance</th>
<th>Determinants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arm’s length market relations</td>
<td>Buyer and supplier do not need to collaborate in product definition. Either the product is standard, or the supplier defines it without reference to particular customers. Risks to buyer are low, either because requirements are easy to meet, or because supplier has a clear capability to meet them. The buyer’s knowledge of this capability may arise from the reputation of a cluster, or from the reputation of a particular manufacturer.</td>
</tr>
<tr>
<td>Network</td>
<td>Co-operation between more or less ‘equals’. Supplier and buyer jointly define the product, and combine complementary competences. This is more common when both buyer and supplier are innovators, close to the technology or market frontiers. The risk to the buyer is minimized by the supplier’s high level of competence. High and generalized competence favours networks and reciprocal interdependence.</td>
</tr>
<tr>
<td>Quasi-hierarchy</td>
<td>High degree of control of buyer over supplier; buyer defines the product. The buyer would incur losses from the supplier’s performance failures, and there are some doubts about the competence of the supplier. Where high supplier competence is not generalized, buyers invest in specific suppliers and seek to tie them to their chain.</td>
</tr>
</tbody>
</table>
Continues

| Hierarchy | Buyer takes direct ownership of developing country operations. The buyer carries out product definition, which may involve proprietary technology. The risks of poor performance by independent suppliers increase if the buyer uses quality as a brand attribute. These factors favour direct control over the production process. |

The distinction between different forms of governance is relevant for determining what level of influence buyer has over supplier. Both Quasi-hierarchy and Hierarchy have a dominating actor in a chain, and thus, the organization of responsibility is easier to enforce (Stephan 2004). At the same time, networks as a form of governance can also address the organization of responsibility, however, the ways of enforcement can be limited. Convey (1992) proposed a range of issues that a company may influence on determines the circle of influence of the company. For the company it is relevant to understand that certain issues can be out of the company’s control, and thus, are the part of a circle of concerns. Meanwhile, the circle of influence can be expanded due to different activities. Companies may seek different options of exerting the influence. At the same time, the influence implies the range of certain responsibilities (this idea is clearly articulated by stakeholders who demand the integration of CSR across the supply chain).

According to Stephan (2004), CSR can be forced in the case of interdependency among actors. In his research, Stephan (2004) claimed that without legal dependence, companies could be dependent economically, for example in a form of financial investment. Concurrently, the author pointed out that in practice there are different forms of coordination ranging from “market” and “hierarchy”. While interdependency may create some benefits like increasing the level of influence, not all companies are willing to be engaged in such relations with suppliers. In some cases, companies may decide whether they want to invest in a company or not and as a result may choose to be economically independent or dependent from a certain supplier. For instance, the emergence of quasi-hierarchical relations and the engagement of companies in such structure of coordina-
tion forms can be explained by the complexity of product development, which is common in the technology-intensive industries, and the exposition of a buyer to a high risk in case of the supplier’s failure (Humphrey & Schmitz 2000, 15).

3 TOOLS FOR MANAGING CSR IN A SUPPLY CHAIN

The possible ways of exerting the influence on suppliers are corporate codes of conduct, corporate culture and personnel development (Amaeshi et al. 2007). Moreover, authors distinguish three management tools to address CSR in a supply chain. These management tools are a written document including the requirements about an organizational structure, procedures and processes; monitoring supplier’s performance, for example in a form of audits; and contribution to the suppliers’ awareness, for example by conducting the training on CSR and company’s policy (Ciliberti et al. 2008, 1579-1580). Companies usually use several strategies. The following chapter is devoted to these three management strategies.

3.1 Code of conduct

A code of conduct is employed by companies as a tool to manage corporate social responsibility, and as it is stated, codes of conduct are one of the most frequently used CSR practices (Preuss 2009). The purposes of a code of conduct may vary from addressing the CSR issues to regulating different functions like supply chain management.

Defining Code of Conduct

Preuss (2009) defines a code of conduct as a formal written document that places on record the policy and the responsibilities of a corporation towards its stakeholders and regulates business activities. Moreover, the author claims a practice of devising codes of conduct is spreading across the world. A movement received wide recognition in the United States (Adams et al. 2001) and in Europe. Codes of conduct can be divided by the scope and coverage as following. Corporate-level codes, trade association codes, multi-stakeholder codes, model codes and inter-governmental codes (Jenkins 2001). The corporate-level codes that is attributed to the individual company’s level are more
limited in their scope as well as trade association codes, in comparison to other types of codes.

Codes of conduct have both advantages and limitations. Preuss (2009) has identified several advantages of the strategy. First of all, a code serves as a guidance indicating the requirements and expectations of a company. Moreover, a code helps to maintain cohesiveness and consistency across an organization, which is especially relevant to multinational corporations (MNCs) (Carasco & Singh 2003). Adams et.al (2001) suggest the existence of a corporate code of ethics has an impact on the employee ethical behavior. A code of conduct may also improve company’s reputation and image, which can serve as a competitive advantage (Preuss 2009).

As for limitations and downsides, researchers distinguish a focus on a narrow range of topics and issues, undermining trade unions at a workplace and the enforcement mechanisms (Jenkins 2001, Preuss 2009). Companies tend to focus only on those issues that can badly damage a company’s image. Such a tendency is understandable. It is mainly driven by such motives as protecting a corporate image. Others also claim that a code lacks enforcement mechanisms like penalties and rewards, primarily due to its voluntary nature. That’s why for companies it is relevant to devise its own system of enforcement. The commonly accepted purpose of codes is managing CSR in addressing the demand for such a practice, which is expressed by the pressure placed on corporations to engage in such activities (Preuss 2010).

3.1.1 Supplier code of conduct

The establishment of written requirements for suppliers is usually the first step in managing CSR across a supply chain (Martela 2005). A supplier code of conduct (SCC or SCoC) sometimes called an Ethical Sourcing Code is not widely addressed by the literature. A supplier code of conduct is employed by companies to enforce suppliers’ compliance with requirements, define expectations from suppliers and guide their behavior (Jiang 2009; Amaeshi et al. 2008). Ciliberti et al. (2011) have drawn four propositions that define the motivation and the purpose of codes of conduct. The propositions are the following.
— Codes of conduct improve the communication flows on intangible aspects (for example the customers’ demands and requirements for products produced in a responsible manner, or codes can articulate the company’s own values);
— Codes of conduct may help to avoid an adverse selection while dealing with new suppliers or current ones;
— Codes of conduct can solve problems of unethical activities, as monitoring the issues facilitates improvements in communication and addressing the issues.
— Codes of conduct may reduce unethical activities when suppliers apply bonding practices, like annual reports and disclosure of documents.

The proposition about improvements of the communication flows and reduction of unethical activities via exercising bonding activities gain more support in practice (Ciliberti et al. 2011). As it can be drawn from the indication of a SCoC, companies try to address different moral hazard problems with the help of the code, which can serve as a tool for monitoring the supplier’s efforts. These propositions can partly explain the incentives for companies to devise a SCoC. Speaking about the motivation of the companies to design a SCoC, the response to pressure can be named as a source of motivation for designing a code of conduct. Meanwhile, there is a difference between industries on codes of conduct. Industries that are more exposed to public criticism and stakeholder pressure, like manufactures of alcoholic beverages and pharmaceutical companies in comparison to hospitality and leisure industries, employ codes of conduct more frequently (Preuss 2009). At the same time it should be noted, the majority of industries are changing and new challenges may occur. As a practical part of a SCoC, a company may conduct auditing activities in order to verify suppliers’ compliance with a code. The outcome of the audit can be some kind of sanctions and punishments or some sort of rewards.

**Structure of supplier code of conduct**

The study of Preuss (2009) has been conducted based on the UK-based companies. Some insights and trends can be taken into account while discussing codes. Preuss (2009) has examined ethical sourcing codes and defined the content, prevalence and limitations that were found during his study. According to the author, some of ethical sourcing codes may begin with the reasoning of the emergence of such code. The ex-
planations fall into two categories. Instrumental category stresses the long-term interests due to responsible behaviour, and non-instrumental categories comprise principles, for example legal-political ones (Preuss 2009). These categories are rooted in the CSR theories (see chapter: Defining CSR). Preuss (2009) has also identified reasons dominating in codes: statement of a corporate impact and responsibilities to the society, competitive advantage and benefits for corporate image.

The study of different codes devised by UK-based corporations (Preuss 2009) across diverse industries has revealed some tendencies in the CSR issues that are usually addressed in codes. Codes usually have three chapters derived from a triple bottom line (social, environmental and economic pillars). The compliance with laws covering safe working environment and employment conditions have been addressed in codes usually under the social chapter. Along with that, the issue of discrimination and the prohibited forms of labor have been frequently raised. The environmental chapter commonly discusses general requirements like commitment to the environmental protection, minimization of waste and improvements of the efficiency in the resource usage (Preuss 2009).

The economic chapter of supplier relationship management is not widely addressed. The confidentiality may be also raised in this section.

**Values in supplier code of conduct**

Besides the requirements that can be reflected in laws and regulations, different values receive attention from companies devising a SCoC. Codes draw the line between a company’s commitment and supplier’s commitment. The principles that companies are obliged to commit to are collaboration and partnership, fairness/impartiality, honesty, integrity/professionalism and transparency are also discussed more frequently than for example accountability (see more Preuss 2009, 741). Meanwhile, the principles that are required from suppliers are values/standards compatible with those of customers, and continuous improvement. It is worth noting that suppliers have to comply with standards and norms that are consistent to buyers’ principles, while companies (buyers) do not expect suppliers to exceed these standards (Preuss 2009, 742). It also support the modern trend of buyer’s dominance in a supply chain.
Enforcement of supplier code of conduct

In order to maintain the compliance with a SCoC, companies devise different mechanism. The most notable mechanisms are encouraging suppliers to improve the CSR performance, audit/monitoring of the supplier performance, and requiring suppliers to manage CSR across its own supply chain. Termination of a contract and the commitment of a company to solve problems are also frequently mentioned (Preuss 2009, 742). Monitoring supplier’s performance and training are discussed in the following sections as strategic management tools to transfer responsible behavior.

Compliance with supplier code of conduct

Jiang (2009) has studied supplier codes of conduct and has reviewed studies devoting to this topic. The author has defined the antecedents of suppliers’ codes that help to track the development of this practice. He suggests buying firms are searching for low prices, high quality, fast delivery as well as reliability and flexibility. All these performance goals can be demanding and can be possible in long-term relationships. Jiang (2009) has identified three factors that are critical for the supplier compliance with a SCoC. The factors are contract duration, cost pressure and production complexity.

— **Contract duration**: Supplier’s willingness to commit to long-term relationships usually results in the improvements of supplier’s performance. If a company is interested in short-term contracts, the engagement and commitment to resource investments, like the CSR practice, has low level of motivation. In other words, the orientation towards a long-term perspective provides incentives for ethical practices.

— **Cost pressure**: The conflict between parties may arise when suppliers are oriented towards profit maximizations in a form of profitable prices, while the buyers place the pressure on suppliers in order to minimize prices. The pressure may lead to unethical activities like hiring child labour or no social securities for employees.

— **Production complexity**: The requirements and pressures placed on suppliers can again result in unethical behavior. Due to tough competitions, rapid changes in demands and short life cycles, suppliers are required to be flexible and being
able to meet short-lead time. In this case, the suppliers’ employees may be exposed to extreme overtimes.

These factors are so-called antecedents of supplier’s commitment to a SCoC (Jiang 2009). Moreover, these factors are the part of the conceptual model developed by the author. The model presents a process that leads either to the supplier’s opportunism or supplier’s commitment. The results of the study examining the model can be useful also from a managerial perspective. As it has been stated, there can be two outcomes. Supplier’s commitment referred to compliance with agreed requirements, and opportunism referred to dishonesty in the relationships driven by self-interest. Another component of the model is the forms of governance. Jiang (2009) has adopted a categorization of forms of governance which is close to the Williamson’s typology (1979). While this article has discussed the categorization provided by Humphrey and Schmitz (2000) (table 1), table 2 converges different typologies.

**TABLE 2: Types of co-ordination of economic activities (adapted from Humphrey & Schmitz 2000, 4)**

<table>
<thead>
<tr>
<th>Jessop</th>
<th>Williamson</th>
<th>Humphrey and Schmitz</th>
</tr>
</thead>
<tbody>
<tr>
<td>anarchy of exchange</td>
<td>Market</td>
<td>arm’s-length market relations</td>
</tr>
<tr>
<td>self-organising heterarchy</td>
<td>Network</td>
<td>network</td>
</tr>
<tr>
<td></td>
<td></td>
<td>quasi-hierarchy</td>
</tr>
<tr>
<td>organizational hierarchy</td>
<td>vertical integration</td>
<td>hierarchy</td>
</tr>
</tbody>
</table>

In his model, Jiang (2009) has distinguished only two types of governance. Market governance and hierarchy/ relation norms governance. The distinctions between types are that the market governance doesn’t require some special investments from the parties, while the hierarchy governance does. The market governance rests on competition, while the hierarchical governance relies on administrative authority (Jiang 2009, 80). The forms of governance are placed under mediating variables in the model aiming at defining buyer’s tools and capabilities to measure and verify the supplier’s compliance and conformity to the requirements of a SCoC.
The author of the model (Figure 2) has also added control variables like **size and experience**, as bigger companies may have more resources and greater ability to comply with a SCoC, and **importance** of business relations between a buyer and a supplier, for understanding whether the supplier is afraid to lose the contract with a buyer.

During the examination of the model, the author has found several important findings (Jiang 2009, 86-89).

— There is a correlation between a cost pressure placed on a supplier and the market governance (arm’s-length manner) that leads to violations from a supplier’s side, as the study has shown. In terms of formula, it can be presented as Cost pressure $\rightarrow$ Market governance = Supplier’s opportunism (violations).

— Another insight is the auditing process. Auditors identify problems, however, very rarely a buyer or an auditing party provides assistance regarding necessary improvements and changes. This case can lead to supplier’s opportunism, however, it may depend on the level of the problems and inconsistencies with the requirements. This finding is also related to the proposition of Preuss (2010). While the publication of a code gives a sign to the intention of the company to integrate the CSR principles into their business practice, it doesn’t always lead to the practical implementation of a code. The quality of a code can be a critical factor of the compliance (Preuss 2010). The author also stated one of the obvious
omission in the quality of a code of conduct is the absence of the operational definition (Preuss 2010, 471).

— The contract duration may be a sufficient condition in a case of the hierarchical/relational norms governance. Once again, suppliers shouldn’t be placed under the pressure, as the requirements set by buyers (for example for a supplier in a developing country) may result in supplier’s inability to compete in the market. Instead, suppliers should be provided with assistance for incremental changes.

— Establishment of the hierarchical/relational norms governance [that provides buyers with more tools for implementing CSR practice (Stephan 2004)] may be achieved by engaging in a dialogue with suppliers, devising staged goals and rewarding for improvements.

— The production complexity leads more to the commitment than to the opportunism, based on the study. The explanations could be that due to the control systems, which are sophisticated and may require some further investments, can also lead to more transparency. At the same time, some kind of uncertainty of a buyer in a supplier may motivate a buyer to apply the threat of substitutions.

— Market governance alone is not enough to regularize the compliance with a SCoC.

3.2 Monitoring and auditing supplier’s performance

A company can employ different monitoring procedures to verify the suppliers’ compliance with the requirements. The typical procedures are surveys and inspections like audits. The audits can be provided by external third parties or internal by company’s staff. An audit process usually involves physical inspection, a documentation inspection, and interviews with workers. In case of some violations and deviations, an auditor may agree with a supplier upon the corrective action plan (Ciliberti et al. 2008, 1580).

3.2.1 External audit

In the case of external auditing, a company may be verified based on certification’s requirements. The auditors are independent experts. This type of auditing is perceived to be more credible by NGOs and investors (Martela 2005, 15). For the purpose of this study the specification of forest certificates is examined in the following sector.
Forest industry certificates

A forest certification is viewed as a form of the CSR regulation. Obtaining a certification in forest industry has become standard and widely spread practice. Certifications refer to strict restrictions based on system-based standards like ISO 14001, or a blend of system-based and performance-based standards like forest certificates (Johansson 2014). There are two forest certificates the FSC that stands for Forest Stewardship Council and the PEFC that stands for Programme for the Endorsement of Forest Certification Schemes. Under these certificates, third parties evaluate companies based on the requirements of certificate schemes. An outcome of the verification is an eco-label placed on products. Both the FSC and the PEFC are non-governmental, non-profit organizations, whose aim is promoting sustainability in forest industry (Matilainen 2013, 47). The main incentives for forest companies to obtain certificates are the response to customer demands; governmental participation and the protection from environmental organization’s attacks (see e.g. Auldi et al 2008). The study examining Swedish forest companies and European retailers (Johansson 2012) believed demand to be the main incentive to adopt forest certificates, for example, sustaining market shares and the role of ENGOs campaigns. The FSC certificate is more popular in Russia (FSC International 2014, PEFC 2014), and, thus, the following section is devoted to this certificate scheme.

Structure and content of the FSC

The FSC was established to “promote environmentally appropriate, socially beneficial, and economically viable management of the world’s forest” (FSC International 2015a). The FSC has 10 principles 56 (Appendix 1) criteria for a responsible forest management, which are adjusted to meet conditions in different countries (Auld et al. 2008). The principles include requirements about the social and environmental well-being of different stakeholders, starting from forest workers and employees to local communities and indigenous people. Under the FSC, there are two certificates the forest management certification that ensures the management of forest has high standards that try to conserve social, environmental and economic welfare, and the chain of custody certification devised for manufacturers and retailers (Mueller et al. 2009, 517). The chain of custody certificate traces raw material, like wood, from forests through all processing and distributing stages (FSC International 2007). As a part of the certification, the FSC conducts an audit held by independent certification bodies to ensure all the requirements
are properly carried out. The FSC verifies the compliance with the criteria annually (FSC International 2015b).

**Social dimension of the FSC**

Some researchers stated the FSC certificate has challenges with fully incorporating and addressing the social dimension (Boström 2011). The FSC principles cover social issues like a recognition of indigenous rights, a well-being of local communities and forest workers, and the compliance with labour rights (see Appendix 1). Boström (2011, 7) has conducted a study and has identified the benefits of the FSC certificate on social aspects. They include provision of safety equipment like helmets, trainings and instructions for workers. In Russia, the interviewees mentioned the improvements in on-time payment of wages. On the other hand, the FSC has been criticized due to the failure of incorporating a social pillar (Boström 2011, 10). The author has identified factors (not always depend on the FSC) that may explain this failure.

- The vague framing of social issues may result in a problem occurring due to interpretations of the standards by certified bodies.
- There is a lack of resources to monitor the practice, lack of democracy and poor level of civil society in certain countries that may lead to ineffectiveness of the FSC standards.
- The FSC universal standards may be translated differently in local circumstances. For example, social sustainability in developing countries is more about survival and basic needs.

### 3.2.2 CSR in the Russian forest sector

This thesis analyses the suppliers operating in Russia, and thus, it can be relevant to study some insights about it. The scholars studying CSR in Russia start with the Soviet Union times and post Soviet Union times. The Soviet Union enterprises paid attention to social issues. The enterprises supplied society with social services for schools, culture and sport facilities. The state provided enterprises with financial support to perform social tasks (Kuliasova 2010, 260; Matilainen 2013, 46). The Soviet Union collapse financially harmed forest companies, and many companies went bankruptcy (Matilainen 2013). One of the possible explanations of some companies became bank-
rupts was social obligations (Kuliasova, 2010, 267). In the 1990s, during the privatization period, it was prohibited to privatize the social and cultural capital together with enterprises. The program transferred social responsibilities to local administrations, which were not able to replace enterprises as public services providers (Matilainen 2013, 46).

Scholars commonly connect CSR in Russia with corporate philanthropy. At the same time, voluntary forest certifications and the foreign holding companies operating in Russia have become a driver towards the CSR changes in Russia (Matilainen 2013, 46). Most of the global foreign companies have already established the CSR initiatives, and thus, these principles may be brought to Russia by foreign companies. As the part of the CSR initiatives, forest certificates are also promoted primarily by external companies (Matilainen 2013, 46).

**Forest certificates in Russia**

In terms of prevalence of the certification in the Russian forest sector, the FSC is more widely spread. Since the 1990s, forest certifications have been promoted in Russia (Matilainen 2013, 47). As it is stated, the certification is some kind of the mechanism that introduces the CSR principles into the forest sector and communities in Russia (Tysiachniuk 2010). The participation of the state in forest sector should be especially emphasized, as the Russian government owns forests in Russia.

Certifications as a form of the CSR regulation acknowledges different stakeholders like customers, especially foreign ones in Russia, and recognizes triple bottom line, particularly an environmental pillar. In the Russian context, scholars suggested the environmental concerns are more recognized; while environmental violations can lead to suspension and withdrawal of certificates, social violations can be omitted (Kotilainen et al. 2009). It can be partly explained by limitations of the FSC certification. Matilainen (2013, 48) has also suggested a promotion of certifications is primarily driven by foreign companies and the Russian subsidiaries of the international companies. The author admitted the significant work was carried out to train and develop personnel according to certificates.
As it has been already mentioned, the state in Russia plays an important role in the forest sector. The FSC requires a company to organize public hearings and engage in a dialogue with local communities on forest issues (Matilainen 2013, 48). During the interviews with Russian and Finnish managers, Matilainen (2013, 48) has revealed that social aspects, like health and safety concerns at working place, are poorly managed and addressed in Russia. Despite the Russian legislation requires companies to deal with such issues, employees are reluctant and indifferent to comply with the requirements in practice. Matilainen (2013, 48) has proposed such indifference towards work safety and health is the entrenched culture. Nevertheless, the introduction of forest certificates in Russia addresses social problems that has a benefit for the country.

A company that is operating in forest industry may choose to work with certified suppliers of wood. At the same time, it doesn’t guarantee that supplier will comply with all requirements. Moreover, the company’s range of suppliers may include contractors and service providers, who are not certified with FSC certificate or other certificates. Since that, the company may employ other methods to protect itself from suppliers’ violations. One of the options is a supplier code of conduct.

### 3.2.3 Internal audit

Internal audits are more flexible and attentive to nuances. The main weakness of an internal auditing is the issue of the credibility. Since the auditing is provided by internal sources of a company, investors, NGOs and public may have concerns about the results of audits. There are several types of internal audits. In the context of Dedicated internal audits, a company allocates the specialized trained team. An audit is usually deep in its scope and can identify challenges of the corporate responsibility. The main concern is an isolation of a team from a commercial part, and as a result, a team may lack the power to influence. Such a problem should be addressed by a top management in order to provide a voice and influential power to a team (Martela 2005, 13). Inbuilt audits implied an integration of the corporate responsibility into the business activities. The problem may occur when internal auditors lack some skills in ethical issues as they specialize in other areas. This create the possibility of some unnoticed deviations. As a solution, the well-developed plan should be devised for auditors. It also may create a conflict of interests as auditors are performing several roles. At the same time, it is less costly type of auditing (Martela 2005, 14). The last type is conducted by intermediaries.
in a supply chain. A company provides the guidelines and training on building monitoring programs and conduct audits to check the functionality of suppliers’ programs (Martela 2005, 14). A combination of approaches is more preferable option, since it eliminates concerns of credibility. A combination of approaches implies a company conducts audits but invites third parties to audit random units. In this case, a company may address some certain issues during auditing, and external parties may verify the whole process (Martela 2005, 14).

3.3 Training and developing suppliers

As strategies like auditing and monitoring, a training is associated with investing into suppliers. A company may invest personnel time and resources to improve the performance of suppliers. Such investments are the part of a buyer-supplier relationship. A buying firm decides to invest in a supplier in order to eliminate problems to a buying company’s own processes caused by the defects in the supplier’s performance. The investment in a supplier can be a strategic weapon, but can be very risky in the case a supplier decides to cease the relationships with a buying firm (Krause 1999, 206).

The training and building the awareness can be categorized according to types. Internal training is aimed at raising the awareness of a company’s personnel regarding the CRS issues by showing its benefits. An external training is aimed at explaining the purpose, reasons and benefits to top management of a supplier firm. An external training can also provide suppliers’ workers with the requirements that a buying firm is expected and demanded from them. At this stage, a driver has to be a bottom level (Martela 2005, 16-17).

A company may contribute to raise the awareness of suppliers about CSR with the help of training. The most critical components are communication and training process, which should be sensitive to possible differences like cultural ones (Ciliberti et al. 2008, 1580). Krause (1999, 210) believes the effective communication is a critical factor in the supplier development. Some scholars characterize the effective interorganizational communication as the frequent and genuine contacts involving personal interactions. It is also suggested the quality performance is achieved due to communication between different departments besides a buyer’s purchasing department and a seller’s sales department (Krause 1999, 210).
Krause (1999) focuses on a role of managers in the communication process. The following key aspects of the research can be identified.

— Managers have to ensure the communication with suppliers is both formal and informal. This, in turn, will help to obtain necessary information from suppliers.

— Buying firms should treat suppliers’ problems as their own, which may foster the supplies’ compliance. It is suggested the support and the example of buying firms will help suppliers to overcome troubles, and will teach suppliers how to solve these problems over the time.

— A top management support is significant in the case of developing suppliers’ performance, meaning a buying firm is likely to take a strategic perspective towards suppliers, since an investment of the resources in a supplier development is important.

— At the same time, a buying firm’s perception of supplier commitment is critical. The evidence suggests, a buyer has to believe a supplier will commit as it is related to buyer’s involvement in a supplier development.

The findings in the paper of Krause (1999) emphasize a manager’s role in developing suppliers. The training as a strategy directly depends on managers who communicate the requirements to suppliers and may influence on their perception towards the requirements and practice in general.

### 3.4 Practical application of strategies

Management strategies mentioned in previous sections are rooted to ethical behavior and corporate ethics. The aim of these strategies is to rebuild the corporate value system (Guerrette 1988). The strategies challenge the status quo of company’s structure, and can present the whole process of company’s development. The process-based model can serve as a tool for the analysis and development. “The triple-loop four-phase sustainable entrepreneurship process model” devised by Dyck (2014) is the process-based model, which can be useful for a company’s analysis. First, the process has four steps: 1) a problem/ opportunity identification; 2) this prompts the behavior to solve the problem; 3) this results in self-reflection/evaluation and change in worldview; 4) this, in turn, results in changes in structures and systems (Dyck 2014, 18).
The model can be applied at different levels starting from global or national, to societal, organizational and eventually personal levels. The recognition of a problem or identification of an opportunity prompts the behavioral response. As an example of organizational level, the author has provided the case of Mohammed Yunus, who recognized the problem in impoverished micro-entrepreneurs. The behavior of Mohammed Yunus was to provide micro-loans to entrepreneurs. The change in the behavior leads to a changed worldview, which is the second loop of the model. Back to the example at the organizational level, Mohammed Yunus started to address the problem more deeply, and tried to attract financial institutions to provide loans to poor. The last third loop deals with the structures and systems. While, Mohammed Yunus was not successful in changing the existing structures of financial institutions, he established a new bank, whose structures and systems were consistent with his worldview (Dyck 2014, 19-22).

This model can be useful in analyzing the strategies aiming at transforming the worldview and as a result the structures and systems of the organization. The model has been devised for the management the issues related to sustainable organizations.

This paper deals with different management strategies for integrating CSR into the supply chain, and thus, this model is relevant for the purpose of this research. It can be suggested that other company may exert its influence in order to transform other companies with whom it operates. In other words, the “dominant” company may create such conditions that can be perceived as an opportunity or the problem by its partners, and eventually may lead to transformation of these companies. The “dominant” company may and should provide tools that facilitate the process of the transformation towards
more responsible and sustainable company. The tools can be in the form of those strategies discussed earlier. They are code of conduct, as written requirements; training and development; and monitoring.

4 COMMISIONING COMPANY CASE

The commissioning company of the bachelor’s thesis is Company X which operates in paper, biomaterials, wood products and packaging industry. The company is publicly traded company listed in Helsinki and Stockholm.

Currently, Company X employs 29 000 people and operates in 35 countries across the world. The main target market comprises publishers, printing houses and paper merchants, as well as the packaging, joinery and construction industries (Company X’s web site).¹

Corporate structure

The composition of the corporate structure is the following. The Group Leadership Team (GLT) consists of the chaired CEO who appoints the GLT members, who are also approved by the Board. The GTL members are the CEO and the CFO, the heads of the Divisions: Global People and Organization, Global Ethics and Compliance, Global Communications, Global Responsibility, Sourcing, and Group Technology.

The company’s business structure comprises five divisions: Consumer Board, Packaging Solutions, Biomaterials, Wood Products, and Paper. The divisions provide high-quality boards for printing and packaging applications, develop innovative fibre-based packaging solutions, work with biomasses for creating new ways of value extraction from wood, supply wood-based solutions for urban construction, and provide renewable paper solutions for print and office use.

Global Responsibility Strategy

The Company’s purpose is to contribute to the peoples’ lives and planet. This bold purpose reflects the Global Responsibility Strategy, which is defined by three areas: People

¹ The name of the commissioning company won’t be stated in the thesis, and thus, all of the references in the chapter are not mentioned in the bibliography.
and Ethics, Forest and Land Use, and Environment and Efficiency. The company aims to transform into a value-creating renewable materials company. Company X has devised policy and guidelines in order to support its claims about Global Responsibility Strategy. Besides internal Code of Conduct and Guidelines that involve: Responsible Business, Caring for People, and Caring for the Environment; the company has been externally recognized on sustainable issues. Among company’s accomplishments are inclusion in the United Nations Global Compact 100 (that combines corporate sustainability and financial performance); FTSE4 Good Index for companies meeting globally recognized corporate responsibility standards, and others.

Responsible sourcing

Company X has a wide supply network ranging from local companies to large corporations. In 2013, the company has initiated a more coherent approach to responsible sourcing in alignment with company’s purpose. As a part of this approach, Company X has devised the Supplier Code of Conduct (SCoC) comprising requirements for suppliers. The Supplier Code of Conduct has been launched in July 2014. The code has to be attached to all eligible contracts between the suppliers and Company X. The SCoC represents the minimum requirements for the suppliers. The requirements and the approach is not a new practice for the company (the company started to build such practice in 2011). At the same time, the code has more profound requirements that were not previously demanded from the suppliers. Among new requirements are management systems and some new aspects in human and labour rights sections, as well as occupational health and safety section. Additionally, it should be noted the code is a universal document, and is translated to different languages.

Supplier Code of Conduct

The SCoC serves as a guideline for the suppliers (Appendix 2). A “Supplier” is referred to any person or legal entity that provides products or services to Company X. The document also expands the definition of the supplier to suppliers’ sub-suppliers, who have indirect relationship with the company. The requirements of the SCoC are categorized to the following groups. 2) In brief, Management Systems section obliged the suppliers to devise (in case if the company doesn’t have any in place) management system for systematic assessment and management of different risks and issues like human
and labour rights, responsible business, and environmental impact. 3) Human and Labour rights section deals with issues covering different aspects like wages and working hours, human rights and basic workers’ rights. 4) Occupational health and safety section (OHS) is devoted to issues related to fulfillment OHS requirements. 5) Environmental impact covers environmental requirements. 6) Responsible business section is referred to Company X’s Business Practice Policy of the equivalent of such policy devised by the suppliers. 7) General requirements covers topics about compliance with the SCoC requirements. This section also touches the disclosure of the information at the request of Company X, as well as the audit aiming at verifying the suppliers’ compliance with the SCoC. 8) Enforcement section discussed the right of the company to terminate the contract in terms of non-compliance with the SCoC requirements. By signing the SCoC, the supplier is obliged to comply with the requirements. Besides legal document the company has devised the supportive documents in order to clarify all the requirements. The documents are aimed for both the managers of the company and the suppliers. The document for the managers has a section about the correction plan, which identifies the managers’ actions and time period in case of the suppliers’ violations.

As a part of the SCoC launch, Company X’s employees, more specifically purchasers, have been provided with training material in order to increase their awareness of Global Responsibilities issues. Since that, the purchasers have to communicate the SCoC requirements to the suppliers and provide assistance to them. The purchasers will also visit the suppliers for monitoring. The auditing as a strategy is also employed by the company for monitoring the suppliers’ compliance. By now, the company has conducted training sessions for suppliers, and is planning to organize the audits in a short time.

5 RESEARCH METHODS AND DATA COLLECTION

The following chapter contains the research objectives and questions, research design, and methods, and the description of the process of gathering the data and its analysis. Therefore, it is relevant to start with some brief introduction to the theory of the research. In general, the “research” is referred to the production of the knowledge involving the inspection of the empirical evidence. Scientific research has theoretical and empirical levels. The theoretical part is based on concepts on social or natural phenomenon,
whereas empirical part tests the theories so eventually these theories will evolve and reflect the reality (Bhattacherjee 2012, 3). While planning the research, the research problem (or objective) and research questions should be the starting point and should drive the whole research project, the choice of methods and theoretical framework (Eriksson & Kovalainen 2008, 27).

5.1 The research objective and research questions

The objective of this thesis is to analyze the implementation of the supplier code of conduct across the supply chain of the commissioning company. The research is aimed at investigating the process of the practical implementation of the document, analyzing and searching for the strategies for integrating the document into the business practice of the suppliers. The research is based on the company operating in forest industry, which has introduced the supplier code of conduct in Russia.

In order to achieve the research objective the following research questions should be answered:

* **RQ1 How do the suppliers perceive the Supplier Code of Conduct?**
* **RQ2 What resources should be provided to the suppliers to facilitate the compliance with the Supplier Code of Conduct?**
* **RQ3 How can the Supplier Code of Conduct affect the relationship between the company and the suppliers?**
* **RQ4 How have the principles and standards of the Supplier Code of Conduct been communicated to the suppliers by the commissioning company?**
* **RQ5 How successful are the strategies of the implementation of the Supplier Code of Conduct employed by the commissioning company?**

As the outcome of this research, the practical suggestions will be provided for the commissioning company based on the answers to the research questions. It will assist the company in improving the strategies for the implementation the Supplier Code of Conduct and developing communication and relationship between the company and the suppliers.
5.2 Research design and research methods

Research design is a blueprint for data collection in an empirical research. It will determine the path the researcher will undertake for investigating the research objective. It contains research objective and questions, the sources of the data needed for the research, and set of the constraints (Saunders et al. 2009, 136-137).

Research objective and research questions represent the purpose of the research, and thus, can determine the implementation process. There are several research types grounded on the purpose of the research. Exploratory research is conducted in order to find out new ideas (hunches), insights about the phenomenon and to understand the scope of the phenomenon. Descriptive research is undertaken for observing and documenting about the certain phenomenon. Explanatory research tries to find the answers and identify the causal factors of the phenomenon (Bhattacherjee 2012, 6). This research has rather an exploratory purpose, since the thesis aims at investigating the implementation process of the code by analyzing the attitudes and behavior of both sides.

After defining the type of the research, the research strategies can be employed. The author suggests that allocating strategies to one or another type of the research may lead to simplification. The strategies are not mutually exclusive and can be used as a part of another one (Saunders et al. 2009, 141). At the same time, other authors suggest that some strategies can fit into the certain type. For example, experiments are ideal for explanatory research ethnography is better suited for descriptive research, and case study is optimal for exploratory type (Bhattacherjee 2012). For the purpose of this thesis, the case study will be studied.

Case research or case study is employed to study a phenomenon in its natural environment by investigating one or a few sites. The methods of data collection in a case study can be interviews, observations, secondary data and questionnaires. The case study may be based on a single-case or a multiple-case design. The single-case is usually represent a unique situation (Bhattacherjee 2012, 93-95). The strength of this research strategy is the ability to identify social, cultural and political factors potentially related to the phenomenon. On the other hand, case study is sensitive to nuances and context, thus, the research has to be attenive and be able to identify the causality (Bhattacherjee 2012, 40).
The next step of the thesis process is choosing the methodology relevant to the research objective and questions formulated earlier, and reflect the purpose of the research. Methodology is concerned with organizing principles in order to guide the research process. It can be also called “the philosophy of methods” It describes how the research problem (objective) can be studied (Eriksson & Kovalainen 2008, 16). Meanwhile, the term methods is referred to techniques and processes of obtaining the data. The method that is employed in the research determines the type of the data. It can be qualitative (non-statistical) or quantitative (statistical) data (Saunders et al. 2009, 3).

The authors usually distinguish qualitative and quantitative research, which can be useful while analyzing the data produced by differing methods. Quantitative data has a standardized and numeric nature, which is analyzed with the help of diagrams and statistics. Quantitative methods includes questionnaires and structured interviews. Qualitative data has non-standardized and complex nature, and can be analyzed by conceptual framework (Saunders et al. 2009, 482-484). Qualitative methods comprises semi-structured or unstructured interviews, observations. At the same time, researchers are advised collecting the data using the combination of techniques. For instance, in a structured survey, the researcher may add some open-ended questions, or the face-to-face conversations and interviews may contain a small introductory questionnaire (Bhattacherjee 2012).

In the context of this thesis, the qualitative data was obtained by conducting semi-structured interviews. The interview method is believed to be a primary mode of data collection in a case study (Bhattacherjee 2012, 96). The research interviews can be structured, semi-structured or unstructured. Structured interviews use the questionnaires as a base for the interview. The questions are prepared in advance and should be followed during the interviews. This type of the interview is referred to quantitative method. Semi-structured structured interviews is based on the prepared in advance questions, however, the researcher may omit or add some questions during the questions. Interviews may vary in time and in a number of questions asked. Unstructured interviews is an informal type of the interview. The researcher is not required to have a list of questions, but should have very clear idea about the topics he or she wants to uncover. The interviewee can talk feely without guiding (Bhattacherjee 2012, 320-321). For this research semi-structured interviews were chosen due to diversity among interviewees.
The same questions cannot be addressed to each of the participants, and thus, some flexibility in the data collection process was needed.

Another relevant method in the context of this study is the observation. The two types of observation are usually distinguished, *participant observation*, which is used in qualitative research, and *structured observation*, which is referred to quantitative research. It is suggested to use the combination of both types of observation along with other methods in order to meet the demands of the research questions and objective (Saunders et al. 2009, 288-309).

*Participant observation* is employed when the researcher participates in the “lives and activities of subjects”, shares their experiences. The purpose of the participant observation is the discovery of the delicate nuances and their meanings of the respondents’ comments. The participant observation is usually attributed to symbolic frame, meaning the researcher attempts to learn the “symbolic world”. There is a categorization of roles within the participant observation. The *complete participant* tries to become a member of the group, while conducting the research within the group. The researcher do not share the true purpose of his or her participation. The biggest challenge is that the researcher attempts to earn trust of the members of the group, but afterwards, it could be difficult to disclose some information that have been shared. The *complete observer* also doesn’t reveal the purpose of the study. The main difference between this role and the previous one is that the researcher doesn’t take part in the activities of the group. Another role is the *observer as participant*. In this case, the observer doesn’t take part in the activities but clearly states the purpose of the research. The researcher acts as a researcher, which helps to focus on the study and freely discuss different issues with the group. However, the low level of emotional involvement cannot provide the researcher with the experience and feelings of the group members. The last role is the *participant as observer*. The researcher reveals the purpose of the study, his identity, and takes part in the activities. The researcher’s aim is to earn trust in order to participate in life of the group (Saunders et al. 2009, 289-295).

*Structured observation* is more systematic. The researcher develops the schedule and guidelines for this activity. Structured observation deals with the frequency of the events, as well as the relationships between these events. The method allows to collect
the data in the natural setting. At the same time, the results can be limited due to indicators that guides the researcher during the observation.

5.3 Interview design

The successful interview depends on the preparation of the researcher conducting the interview. There are several critical factors affecting the level of researcher’s preparedness to conduct the interview. Firstly, the researcher’s level of knowledge, which is concerned with the topic awareness of the researcher. Secondly, the level of information supplied to the interviewee. Thirdly, appropriateness of location and the researcher’s appearance may affect the interview. Fourthly, opening the interview and the behaviour during it impact on the atmosphere of the interview, whether it will be relaxed and friendly or tensed and non-trusted. Fifthly, the nature of questions and their presentation may affect the interview. The questions should be clear and should be pronounced neutrally. Additionally, the researcher’s skills like attentive listening, summarizing and taking notes are essential for the result. Finally, avoiding cultural bias in questions and in analysis (Saunders et al. 2009, 328-335).

Interview questions

There were three main categories of interviewees: suppliers, managers of Company X, and creative team designing and planning the training sessions for managers and suppliers. The questions for the suppliers can be divided into following groups:

— Supplier’s evaluation of the training session
— Supplier’s knowledge about the content of the SCoC
— Supplier’s perception towards the SCoC requirements
— Supplier’s capabilities and preparedness to comply with the requirements

The questions for managers can be categorized into the following groups:

— Manager’s attitude towards the training on the SCoC
— Manager’s perception towards the SCoC requirements
— Manager’s attitude towards the SCoC in practice
The last group of interviewees is the creative team that designed the training sessions and materials for the suppliers and managers. The questions for this group can represent the following themes:

- The focus of the training sessions for managers and for suppliers
- The aim of the training sessions on the SCoC
- The collaboration with the top management and middle management
- The team’s attitude towards the SCoC

These three groups can provide insights from different perspectives and as a result can help to build a cohesive picture of the implemented strategies by considering the context of each group.

5.4 Data collection

This section is devoted to the actual data collection process. As a part of the case, research strategy semi-structured interviews and observation are represented in this section as methods of gathering the primary data. The ways of selecting the interviewees, the process of the interviewing, and the analysis of the data will be provided further in this section.

5.4.1 Semi structured interviews

For this study, the whole number of interviews being conducted is 28. All interviews were semi-structured. The interviews are divided into three main groups interviews with the suppliers of the company, with the managers providing the training to the suppliers, and with the work team of the company responsible for designing the training on the code. One of the interviews was conducted with a top manager in Company X. Each group was interviewed with different set of questions, as the purposes of each set of questions were differing. Since that, presenting each group separately is relevant.

Interviews with the suppliers

The total number of all suppliers being interviewed is 13. The suppliers were not provided with the questions in advance, since the questions covered the content of the code and their attitude towards it (Appendix 3). The interviewed suppliers participated in the
training session on the code, and their knowledge about it was assessed during the interview. Each of the interviews were conducted face-to-face without the managers of Company X, in order to eliminate pressure and facilitate the atmosphere of reliability. The managers of the company selected the suppliers, and also organized and coordinated the meetings. The main criterion of supplier selection was the supplier’s participation in the training session about the code. The suppliers were diverse due to their area of operation, their location and size. Since the code is applied to all suppliers, the suppliers of raw material, service providers and contractors were allocated to one interview group. The suppliers were located in St. Petersburg and Leningrad Oblast, Vologda and Cherepovets (Vologda Oblast), Petrozavodsk, Sortavala, Kondopoga and Pitkyaranta (Republic of Karelia).

Some questions in the interview were omitted in certain cases, for example, the questions regarding the suppliers’ sub-suppliers were not always relevant, since not all companies had their own suppliers. All questions can be categorized as following: the supplier’s perception about the code, the awareness of the code requirements, the attitude towards the SCoC, and the factors affecting the compliance. The purpose of the interviews was to obtain the answers to the research questions. The research questions that have to be answered with the help of the interviews with the suppliers are the following.

*RQ1 How do the suppliers perceive the Supplier Code of Conduct?*
*RQ2 What resources should be provided to the suppliers to facilitate the compliance with the Supplier Code of Conduct?*
*RQ3 How can the Supplier Code of Conduct affect the relationship between the company and the suppliers?*
*RQ4 How have the principles and standards of the Supplier Code of Conduct been communicated to the suppliers by the commissioning company?*

**Interviews with the managers of Company X**

The number of the interviewed managers is 10. The managers who organized the meetings with supplier were asked to participate in the interview. The main purpose of the interviews with the managers was to receive their opinion about the code as it may affect the training of the suppliers. It is relevant to oppose and to compare the opinion and statements of different parties. The themes of questions are the manager’s perception
about the code, the managers perception and knowledge about the supplier’s compliance with the code, the factors affecting the supplier’s compliance with the code (Appendix 5). The only criteria for selecting the managers of Company X were their participation in a training session on the code and their working relations to suppliers. All interviews were held in the manager’s offices. The managers were not provided with the questions in advance. The data gathered during these interviews can supplement the answers to the first four research questions.

**Interviews with the work team**

There were in total four members of the work team being interviewed. The team was assigned to devise the training session and provide materials for the managers. The purpose of the interview with the team members was to receive the data that can be used as an explanatory source for the results acquired during the interviews with the suppliers and managers. The team members were provided with questions before the actual interview (Appendix 6). The interviews were collected by Skype, by Lync, and face-to-face. The questions prepared for the interview helped to lead the conversation with the interviewees, but at the same time, the interviews with the team members were less structured. It was important to get insights into the whole process of the preparation to the training on the code, and comprehend the atmosphere of that process.

**Interview with the top manager**

The interview was structured, since the questions were provided to the interviewee. The interviewee has sent the responses to the researcher. Thus, additional questions or clarifications couldn’t be obtained. It was agreed to communicate via emails. Appendix 7 presents questions that have been provided to the interviewee. The main idea of the interview was to get insights into the plans of the implementation of the SCoC. Moreover, it was relevant to understand how the corporate level viewed the communication between them (corporate level) and departments located in different countries.

**5.4.2 Observation**

The researcher has participated in the training session for the managers of the company. The members of the work team has organized the training session by presenting the
materials and explaining the content. The training session was entirely devoted to the SCoC and the requirements for the suppliers. The participants were aware of the purpose and the identity of the researcher. The researcher was observing the process during the presentation of the SCoC. The main purpose of the observation was to get the insights into the training process and to the content of the training. Among the participants of the training session were mostly employees from the legal department, and no purchasers. Thus, the purpose of the training session and the environment were specific and should be taken into account during the analysis.

5.5 Analyzing the data

Saunders et al. (2009) have described the approaches to qualitative analysis. The authors claim data collection and data analysis are interrelated processes, as analysis is started from the collection of data. The approaches of qualitative analysis can be deductive and inductive. **Deductive approach** is applied when the researcher uses the existing theories to analyze and shape the data. While **inductive approach** implies building up the theory grounded to the acquired data. In more details, the difference between two approaches is provided further.

By using the deductive approach, the researcher applies the existing theory that helps to build the framework in order to organize the data analysis. The main argument against the approach is that the deductive approach may affect the outcomes as the researcher can “introduce the premature closer on the issues”. Meanwhile, the approach can serve as a starting point for the research and connect the previous knowledge on topic. It is also possible to use the mixture of the theories and own expectations while devising the framework (Saunders et al. 2009, 489-450). Alternatively, the researcher may apply the inductive approach in analyzing the data. It is required to analyze the data during the data collection stage in order to develop a conceptual framework to guide the work. It is likely that the inductive approach will comprise some elements of the deductive one. Moreover, in practice the process usually combines elements of both approaches (Saunders et al. 2009, 450). There are three types of data analysis:

— **Summarizing** (condensation) of meanings. This implies finding the sense and leave the short phrase, which summarizes the meaning. The type can be applied while observing or interviewing the person.
— **Categorization** (grouping) of meanings; under this type the researcher has to develop the categories and distribute the data according to the categories.

  o Categories can derive from the collected data. The analysis turns to be structured and sometimes hierarchical. The researcher devises the categories based on the data. The categories are chosen by the researcher, and thus, the categorization depends on the interpretation and can vary from one researcher to another.

  o The data can be also “*unitized*”. A unit of data can be a number of words, a line or sentence, a paragraph, etc. A unit of data represent a category. Devising the categories and allocating the data to these categories, or devising a matrix are the process of data analysis.

— **Structuring** (ordering) of meanings using narrative, the main idea is to retain the integrity of the collected data. Example is the life history approach. The method of collecting the data is the in-depth interview. Narrative structuring can be described as a story with the beginning and end.

It is possible to use the combination of the types (Saunders et al. 2009, 491-498).

### 5.6 Trustworthiness of the research

The quality of the research and its scientific nature should be evaluated using the criteria of trustworthiness. According to Erikson & Kovalainen (2008, 294), there are four aspects of the qualitative research increasing its transparency: credibility, transferability, dependability and conformability. **Dependability** is referred to logical, traceable and documented process implying the researcher would receive similar results in case the research is undertaken once again using the same plan. **Transferability** can be granted to the research that has some similarities with the previous studies. This aspect highlights the connection between the new research and previous results. **Credibility** is referred to the ability of the researcher to logically link and interpret the data. The knowledge of the topic by the researcher is also important point of credibility. **Conformability** deals with the link between the data and interpretations that can be easily understood by others.

The observation as a method has some limitations and threats to reliability and validity. The main issue of the observation is an ecological validity, since it is important for the research to study social phenomena in their natural context (Saunders et al. 2009, 297).
Moreover, being the part of the social world the researcher cannot entirely detach himself from it, which can result in bias. (Saunders et al. 2009, 297). Regarding the structured observation, three main threats are distinguished: subject error, time error and observer effects. In order to avoid the subject error, it is suggested to select the typical representatives of the population. Time error is related to the subject error, but deals with the selection of the time that can provide typical data across the period, which is studied by the researcher. The last point is the observer effect, which can occur due to awareness of the subject of the observation. It is not always possible to conduct the observation without noticing the subjects due to different conditions like ethics. At the same time, the researcher may try to minimize the effect by reduce the interaction with the subjects. In some cases, the observation can turn into the “habit” if the subject is familiar with the process of observation (Saunders et al. 2009, 309).

6 RESEARCH RESULTS

This section is devoted to the results produced by the analysis of the collected data. The method used for gathering the data was semi-structured interviews and observation. The first section discusses the results of the observation. The subsequent section is divided to three sub-sections according to the groups of the interviewees: suppliers, managers of the Company X, and members of the work team. The structure of the interviews were devised for answering the research questions.

6.1 Interviews with the suppliers

The SCoC is a universal document for the suppliers collaborating with the Company X, and thus, the research conducted for evaluating the implementation of the code rests on a big variety of the participants.

The supplier’s background

As the analysis has revealed, the suppliers participating in the interviews were diverse. To begin with, the diversity occurred due to the different areas of operation. Since the code is applied to all suppliers, including the suppliers of raw materials, service providers and contractors, the selection process didn’t rest on this criterion. Another factor
that contributed to the diversity is the location of the suppliers. The areas of the inter-
viewees were St. Petersburg and Leningrad Oblast, Vologda and Cherepovets (Vologda
Oblast), Petrozavodsk, Pitkyaranta, Sortavalta and Kondopoga (Republic of Karelia).
The suppliers also differed in size from micro to large companies. Lastly, some of the
suppliers had previous experience of such requirements e.g. through FSC or ISO certif-
icates, or other companies besides Company X have demanded the supplier to sign the
SCoC. Table 3 contains factors contributing to the diversity among the suppliers.

**TABLE 3: Background of interviewed suppliers**

<table>
<thead>
<tr>
<th></th>
<th>Company’s size(^2)/ structure</th>
<th>Previous experience/certificates</th>
<th>Interviewee’s position</th>
<th>Geographic area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Int. 1</td>
<td>small/ flat</td>
<td>FSC certificate</td>
<td>CEO (top management)</td>
<td>Leningrad Oblast</td>
</tr>
<tr>
<td>Int. 2</td>
<td>small/ flat</td>
<td>no</td>
<td>CEO (top management)</td>
<td>Republic of Karelia</td>
</tr>
<tr>
<td>Int. 3</td>
<td>medium-sized/ tall</td>
<td>no</td>
<td>middle manager</td>
<td>Finland and Russia</td>
</tr>
<tr>
<td>Int. 4</td>
<td>medium-sized/ tall</td>
<td>yes, ISO:9001</td>
<td>middle manager</td>
<td>St. Petersburg</td>
</tr>
<tr>
<td>Int. 5</td>
<td>small/ flat</td>
<td>no</td>
<td>lower manager</td>
<td>Republic of Karelia</td>
</tr>
<tr>
<td>Int. 6</td>
<td>small/flat</td>
<td>FSC</td>
<td>top manager</td>
<td>Republic of Karelia</td>
</tr>
<tr>
<td>Int. 7</td>
<td>medium-sized/ tall</td>
<td>FSC</td>
<td>middle manager</td>
<td>Vologda</td>
</tr>
<tr>
<td>Int. 8</td>
<td>micro/ flat</td>
<td>no</td>
<td>accountant</td>
<td>Cherepovets (Vologda Oblast)</td>
</tr>
<tr>
<td>Int. 9</td>
<td>small/ flat</td>
<td>no</td>
<td>middle manager</td>
<td>Leningrad Oblast</td>
</tr>
</tbody>
</table>

[Continues]

\(^2\) The size of the companies were identified using the criteria devised by Eurostat (n.d.). The number of employees was the determinant of the company’s size.
The suppliers’ responses

The questions for the suppliers of the company can be allocated to the following themes presented in table 4. A table with more detailed information with quotes of the respondents is provided in Appendix 4.

TABLE 4: Interview themes of the interviews with suppliers

<table>
<thead>
<tr>
<th>The interview themes</th>
<th>The suppliers’ responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers’ evaluation of the training session:</td>
<td>Most of the respondents were satisfied with the training session and material on the SCoC provided to them. Very few of the respondents would prefer to have more structured and concrete (specific) material.</td>
</tr>
<tr>
<td>— training session</td>
<td></td>
</tr>
<tr>
<td>— training material</td>
<td></td>
</tr>
<tr>
<td>Suppliers’ knowledge about the content of the SCoC:</td>
<td>Half of the respondents (7) claimed that they knew all of the requirements and their obligations, while the rest (6) of the respondents admitted to have only basic knowledge of the SCoC. At the same time, only three of those respondents could clearly show more deep knowledge of the requirements. Such results could be partly explained that some of the obligations were delegated to other personnel (e.g. the environmental</td>
</tr>
<tr>
<td>— claims of understanding the requirements (in words of suppliers)</td>
<td></td>
</tr>
<tr>
<td>— actual knowledge of the requirements</td>
<td></td>
</tr>
</tbody>
</table>

[Continues]
engineer deals with the section of the Environmental impact). However, during this stage (post-training) the respondents didn’t seem to be concerned with the requirements but were waiting for the audits in order to receive more practical guidelines.

| Suppliers’ perception towards the SCoC: | Most of the respondents understood the purpose of the SCoC and perceived it as a legitimate document. Only one of the respondents was skeptical about the document since the SCoC duplicated the already existed regulations according to the respondent’s opinion. Regarding the requirements, most of the respondents were familiarized with the requirements through the Russian legislation, FSC or other certificates. The suppliers were also familiarized with the requirements prior to the SCoC, as the compliance with most of those requirements had been already demanded from them by Company X.

The most often cited requirements causing difficulties and misunderstanding were the Management Systems and Unions for employees.

The main concern among the suppliers was that the compliance with the requirements was costly and had financial damage to companies, as well as the compliance was time consuming. On the contrary, the respondents who perceived the SCoC only as a positive practice, claimed that the examples of other companies being successful due to compliance with the regulations and their own experience showed that it had a positive financial effect on the company. Moreover, |
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>— the purpose of the SCoC</td>
<td>— the purpose of the SCoC</td>
</tr>
<tr>
<td>— requirements of SCoC</td>
<td>— requirements of SCoC</td>
</tr>
<tr>
<td>— SCoC in the Russian context</td>
<td>— SCoC in the Russian context</td>
</tr>
</tbody>
</table>
the suppliers were not aware of some regulations in the Russian legislation and some benefits prior to the SCoC (like compensation for safety equipment from the government), and thus, were very grateful to Company X for such improvements.

Most of the companies drew the line between the Russian companies and Western companies. The main perception of such practice was that it (responsible business, the SCoC and similar practices) had been brought and facilitated by foreign companies, and is not common to the Russian enterprises. Meanwhile, the attitude towards integration of such practice in Russia varied between skeptical, neutral (passive) and positive. Three of the respondents were clearly optimistic about such practice like the SCoC and similar requirements, and believe that it was already in place in big companies. There were 5 clearly skeptical attitudes about the practice, as the main concern was the government and its policies. The respondents believed that the non-compliance with regulations was accelerated by inconvenient and unequipped facilities and infrastructures in the country (e.g. recycling, organization of medical facilities). The lack of organization led to time-consuming and complicated procedures. The rest of the respondents (5) believed that such practice could exist but it required time and resources. These neutral responses could be also categorized as a passive attitude since they didn`t not provide more concrete propositions and actions in order to facilitate the process.
One of the observed trends among the suppliers should be mentioned. Most of the suppliers were proud to work with the Company X. They would like to continue collaboration with the company. It was also supported by the fact that some of the respondents were afraid to lose the partnership with the company and concerned with the section devoted to the termination of the contract due to serious violations of the SCoC requirements. Some of the respondents were grateful for the assistance provided by the Company X, which positively affected the acceptance of the requirements. Despite the trend, a few responses were not so optimistic. These suppliers did not perceive the requirements to be legitimate. Moreover, they believed that Company X was dominating over them, and dictate their conditions without proper partnership. These suppliers are also not satisfied with the conditions, and thus, negatively perceived the requirements of the SCoC.

It should be also noted many of the respondents were waiting for the audits which could reveal some deviations. After the audits the respondents were planning to undertake the corrective actions.

| Suppliers’ capabilities and preparedness to comply with the requirements | As it has been already mentioned, the suppliers were concerned with the financial resources needed for complying with the requirements. At the same time, these additional resources associated mostly with human and time resources, which were mainly connected with the suppliers own sub-suppliers. For example, from table 3 it can be seen that some of the |

[Continues]
respondents are responsible for the integrating the SCoC into their business practice (like accountant or in some cases CEOs who cannot delegate such requirements like Environmental impact or Human and Labour rights to the experts). That’s why some of the respondents claimed that they were not able to monitor their own suppliers. Moreover, the respondents believed they did not have such tools (like legal documents) to oblige their suppliers to adhere with the regulations. That was mainly a concern of small companies whose human resources were very limited as well as these companies did not have power to demand something from their suppliers.

6.2 Interviews with the managers of Company X

Table 5 presents the common trends and beliefs of the managers. The managers who participated in the interviews had organized training for the suppliers on the SCoC. The purpose was to receive the insights on the collaboration with the suppliers and the attitude of the managers on the work with the suppliers and especially regarding the SCoC.

TABLE 5: Interview themes of the interviews with the managers

<table>
<thead>
<tr>
<th>The interviews’ themes</th>
<th>The managers’ responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>— Managers’ attitude towards the training on the SCoC (both the Company’s X personnel and the suppliers).</td>
<td>The managers were satisfied with the training and provided material. The majority found the practice not noble. The managers admitted that questions were always answered and no serious complaints were detected. The work team provided the answers to the questions that were unanswered during the training session, and distributed the answers to the</td>
</tr>
</tbody>
</table>
common questions to all managers. Regarding the training of the suppliers, the majority of the respondents didn’t have any problems with training since the material was provided.

At the same time, most of the managers claimed that the suppliers that had similar practice like the FSC, in general, had a better attitude. According to managers, the problem occurred usually with the suppliers who had small staff and lack of financial resources. Some of the managers also pointed out that the personality of the supplier had an impact. Since Company X had more dominating position compared to most of the suppliers (according to some of the responses) and had strict requirements already prior to the SCoC, some of the suppliers had negative attitude towards the SCoC. On the contrary, some of the managers claimed that such strict requirements that existed before the SCoC helped to integrate the SCoC, as the suppliers got used to such strict demands.

Not all managers used the presentations in training sessions, and prefer to discuss some key points of the SCoC.

| Managers` perception towards the SCoC requirements | Most of the managers relied on the intersections with the Russian legislation and regulations, which made the SCoC practical document. There was also a belief that since Company X had a dominating position towards its suppliers; the suppliers were obliged to comply with the requirements. |

[Continues]
The cited requirements causing difficulties were Management System and Business Practice Policy (or own equivalent ethical rules). The lack of understanding and experience caused obstacles.

Some of the managers also perceived the requirements like a policy of the company and the unions for employees less strict and more suggestive, which turned the SCoC into less universal practice.

<table>
<thead>
<tr>
<th>— Managers` attitude towards the SCoC in practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>The majority of the managers believed that the integration of the SCoC was possible. At the same time, the main concern was Company’s X next steps. According to the managers, the monitoring and supporting the suppliers were the key to successful integration, since only a few of the managers assumed the legal document like the SCoC could make the suppliers comply with the requirements. Some of the managers had proposed to provide the templates of the required documents to the suppliers in order to facilitate their compliance. The managers could also provide some practical examples of supporting the suppliers and improving their performance. In general, the attitude of the managers was very positive, and the majority believed the SCoC would be integrated in practice. A vast majority of the managers perceived the SCoC as a crucial practice, and believed that it “disciplines the suppliers”, “contributes to the cultural development of business in Russia”, and “filling the gaps where the government fails, since the governmental bodies do not monitor companies in a proper way”.</td>
</tr>
</tbody>
</table>
In general, the attitude of the managers was very positive, and the majority believed the SCoC would be integrated in practice. A vast majority of the managers perceived the SCoC as a crucial practice, and believed that it “disciplines the suppliers”, “contributes to the cultural development of business in Russia”, and “filling the gaps where the government fails, since the governmental bodies do not monitor companies in a proper way”.

As it has been already mentioned, some of the managers were concerned that some of the suppliers had limited resources, and the compliance with all of the requirements could be hard for them and turn them into less competitive ones. A few managers believed that supplier’s compliance with the SCoC should be somehow rewarded.

At the same time, it should be noted there are still some differences in the opinions that are significant. Firstly, some of the managers view the position of Company X dominating within the buyer-supplier relations, which makes the integration of the SCoC easier. On the contrary, some of the managers believed that the conditions that are offered to the suppliers are not competitive, and thus, it is hard to demand additional requirements from the suppliers. The correlation between the opinion and the geographical location of managers is not detected.

Meanwhile, the suppliers are very diverse and, thus, the difficulties with the suppliers are more dependent on the relationship with the suppliers. The governance in a supply chain, whether it is a network or quasi-hierarchy, the area of supplier’s operation (industry specific suppliers like wood and raw material suppliers as well as logistics, or service providers that are not key suppliers), are important.
Secondly, some managers believed that the integration of the SCoC wasn’t a completely new practice since the suppliers has been always required to comply with the strict requirements of Company X. On the other hand, some managers find the requirements demanding and are more skeptical regarding the integration of the SCoC. The argument is supported by the capabilities of some suppliers. Some suppliers are limited in resources (e.g. financial and human resources), and thus, additional expenses associated with devising, for example, the policy for the company and monitoring systems of suppliers’ sub-suppliers are perceived to be not always relevant.

These two main differences can be mainly explained by the diversity among suppliers. Since the collaboration between the suppliers rest on the factors like the governance, size of the company and its capabilities, it can be relevant to make more individual approach in terms of the SCoC in case of the key suppliers. The vast majority of the managers believed that the SCoC is crucial practice and would be successful in case of continuous work that implies the monitoring of the suppliers’ compliance, supporting the suppliers in developing required structures and policies.

Some of the mangers draw the analogy between the SCoC and the previous practices aimed at developing the suppliers. The pre-SCoC practices are real now, and the suppliers have learnt how to perform different tasks (e.g. some requirements were related to worker’s safety), which has been achieved by incremental changes. That’s why, these managers are optimistic about the SCoC since they believe that the suppliers will comply with all of the requirements with time, in case if the company will continue to implement the SCoC. The managers proposed the time required for the integration of the SCoC to be between 3 months to 2 years depending on the supplier. One important trend identified in the analysis is critical for the paper.

The large majority of the respondents refer to the future audits as the source of the implementation of the SCoC. Since the company is going to employ three strategies of the implementation of the SCoC: the written requirements for the suppliers in the form of the SCoC, the training of the suppliers on the SCoC, and the monitoring the compliance in the form of audits. It seems to be relevant to emphasize the fact the managers of the company perceive the monitoring and auditing the suppliers as the most important strategy.
6.3 Interviews with the work team members

There were four members of the work team being interviewed. Table 6 presents the interview themes with the respondents and the responses of the team members.

**TABLE 6: Interview themes of the interviews with work team**

<table>
<thead>
<tr>
<th>The interviews’ themes</th>
<th>The responses of the work team members</th>
</tr>
</thead>
<tbody>
<tr>
<td>— The focus of the training sessions for managers and for suppliers</td>
<td>The members of the work team mostly relied on the Russian legislation and regulations, in order to provide the ground for the requirements as well as make the process of integration easier. The team tried to find the analogue of the requirements in the Russian legislation and regulation (almost all of the requirements are supported by different laws and regulations, and have references to these laws covering the same aspects, only a few of the requirements are not demanded by the Russian law like company’s policy). The team was devising the training material by themselves based on the SCoC provided by the corporate level. All of the managers also relied on the correlation between the Russian the legislation and the SCoC. The managers were provided with all materials that have been devised: presentations, the responses to questions that may occur during the training. The work team has also stated that the managers were able to ask the work team to conduct the training if the manager saw the benefit in it.</td>
</tr>
<tr>
<td>— The aim of the training sessions on the SCoC</td>
<td></td>
</tr>
</tbody>
</table>

According to the responses, Company X’s goal by the end of 2014 is to achieve x% of the SCoC
coverage, and by the end of 2015 the coverage should be y%.

The work team members use the same material for each group of managers. The managers are divided into the groups according to their departments like logistics or purchasing. The team believe such division is optimal, since the questions and obstacles raised during the training session are mostly urgent to the managers of the same department.

<table>
<thead>
<tr>
<th>— The collaboration with the top management and middle management</th>
<th>The members of the team didn’t face any disagreements with the middle managers regarding the SCoC. Most of the disagreements were practical, and according to the responses, the team was able to answer to the questions of the managers and provide support. The top management didn’t provide the training material to the team, however, the dialogue existed. The team would prefer to obtain rather practical guidelines from the top management. As some of the members of the work team pointed out the dialogue with the corporate level was carried out through one of the work team member who could ask questions and clarifications. At the same time, all questions were answered by the top management. The team also stated the process of developing the training was challenging, especially in the beginning, since many questions occurred during the</th>
</tr>
</thead>
</table>

[Continues]
process. At the same time, the team was satisfied with the results, as the goal was almost achieved (the goal: the $x\%$ of the suppliers that should sign the SCoC).

The members of the team viewed the purpose of emergence of the SCoC differently: it varied from the global trend of international companies to devise the SCoC, to logical extension of the company’s policy, and its mission and vision, as well as the attempt to protect the image of the company from the violations of its suppliers.

The same as the managers, the work team members believe the SCoC will be integrated and work in practice, however, the critical aspect is time. Moreover, the members perceive this practice to be crucial and important in Russia in order to continue the work in this region.

### 6.4 Interview with the top manager

In table 7 the data gathered during the interview with the top manager is presented. The responses can be useful not only for comparing the results between the interviewing groups, but also to get insights into the motivation and organization of the SCoC in the company, since this strategy had top-down approach.
TABLE 7: Interview themes of the interviews with the top manager

<table>
<thead>
<tr>
<th>The interview’s themes</th>
<th>Responses of the top manager</th>
</tr>
</thead>
</table>
| The purpose of the SCoC                       | The top manager stated the SCoC was “the strategic decision to expand the global responsibility approach in a supply chain”.  
The requirements of the SCoC were the Key Performance Indicator (KPI) for the suppliers.  
The top manager believed the SCoC was mandatory for the company, and “there is no alternative”. |
| The planning of the implementation            | The top manager stated the design of the SCoC and its planning was carried out with the help of different specialists in areas: legal, ethics, OHS, environment, global responsibility and sourcing.  
The company was able to launch the SCoC after 1,5 years.  
According to the top manager, the company has employed specialists to work on the SCoC and plans to recruit more.  
The company has set targets by stating the percentage of the suppliers that have to sign the SCoC. |
| The communication with the departments        | The top manager believed the communication with the managers was sufficient since there were several communication channels. The calls and communication had the regular basis. |
6.5 Observation during the training session

As it has been mentioned in the previous chapter, the observation was conducted in order to comprehend and get insights into the process of the training session for managers. It is relevant to provide some background information and connect this section to the preceding ones, since the data gathered during the observation is not sufficient without clarifications. It should be also noted, the researcher undertook the observation prior to the interviews. However, the analysis was completed after the responses of different interviewing groups had been gathered.

The work team members were presenting the content of the SCoC and the requirements to the managers and employees of the company mostly working in the legal department. As it has been learnt from the interviews with the members of the work team, the material and presentations used in the training session were universal and the participants of the training sessions were usually divided by the departments (for example logistics or purchasing).

Results of observation

The content of the training session was clear and structured. During the training session the team covered the brief description of the SCoC, its purpose, the application and methods of the implementation of the SCoC, and the actions in case of supplier’s violations. During the training session, the legal component of the SCoC and its correlation with the Russian legislation were predominant ideas. The team gave time for the questions after each part. The interaction between the team and the participants was well established. The comments and questions were raised after the presentation was over. Moreover, the team also asked some questions regarding the implementation of the SCoC in terms of legitimacy of some activities.

The team consisted of international representatives, and thus, some parts were either in English or in Russian. However, no inconveniences were detected, and the session was organized rather in a relaxed and informal atmosphere. The participants raised practical questions related to the implementation, which can be also attributed to their interest to the issue. The training session relied on written materials such as Purchaser’s Guidelines
and A Practical Guide for Company X’s suppliers. In general, the participants were involved into the topic and discussed the SCoC during the session, which was good result.

7 Conclusion

This chapter presents the conclusions and discussions on the research results, and connects the results with the theoretical framework. The objective of the research is to assess the implementation of the Supplier Code of Conduct by answering to the research questions and to provide some recommendations. Company X has employed two strategies of the implementation: the creation of the written document with the requirements and the organization of training sessions for suppliers. Company X is going to employ auditing and monitoring the compliance of the suppliers as the last strategy of the SCoC implementation. This paper was aiming at assessing the organization of the training and analyzing the factors affecting the training. This chapter will summarize the results and will be concluded with the recommendations.

7.1 Responses to the research questions

The tables presented in the previous sections can help to answer to the following research questions in order to achieve the research objective.

RQ1 How do the suppliers perceive the Supplier Code of Conduct?

The majority of the respondents have either positive or neutral attitude towards the SCoC. One of the respondents has an explicitly skeptical opinion on the SCoC. It is curious that some of the respondents are optimistic about the SCoC, and feel grateful for such requirements. Meanwhile, the common trend can be characterized as more neutral, since the large majority perceive the SCoC as just an additional requirement of Company X. Despite the fact that all of the suppliers recognize the importance of most of the requirements, especially of those that are directly connected to the law, many of

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3 Both documents: Purchaser’s Guidelines and A Practical Guide for Company X’s Suppliers are internal documents of the company, and thus, their content won’t be discussed in this paper.
the respondents perceive it as a discrete practice that is associated only with additional expenses.

The suppliers’ perception towards the SCoC in Russia is not uniform. Some of the respondents believe the main problems are the organization and structure of the Russian governmental bodies and facilities like recycling facilities and medical care facilities, as well as the respondents refer to the Russian business culture and the “Russian mentality”. Due to the last aspect, the respondents believe the employees in the Russian companies are not motivated to perform “additional work”, which is associated with the SCOC by many of the respondents. At the same time, more positive responses emphasize the importance of such practices in Russia, since the SCoC and similar initiatives accelerate the development of the Russian business culture and direct it towards legitimate and responsible practice.

**RQ2 What resources should be provided to the suppliers to facilitate the compliance with the Supplier Code of Conduct?**

The SCoC as a written document has provided the suppliers with the expectations and requirements of Company X. According to the responses, the requirements are clear and acceptable. At the same time, a vast majority of the respondents believe the practice in the form of auditing will detect possible deviations. The respondents are mostly satisfied with the training. Meanwhile, the respondents would prefer to have guidelines that are more practical, for example, templates of the required documents and policies could be relevant. During the interviews with the suppliers, most of the respondents rejected additional help and support, as everything was clear according to their words. As it has been already mentioned, the suppliers believe the audits will detect what is needed and what should be corrected. The results of the interviews show the lack of deep knowledge of the SCoC requirements among interviewees despite the claim that all of the requirements are clear. It is logical to assume the suppliers didn’t perceive the training stage of the SCoC implementation plan as an important one. Meanwhile the next research question is also related to this topic.

**RQ4 How have the principles and standards of the Supplier Code of Conduct been communicated to the suppliers by the commissioning company?**
According to the responses, the managers of Company X also relied mostly on the audits and future monitoring. The managers don’t believe that legal documents like the SCoC and the training can guarantee the compliance. Moreover, the initial plan of the implementation has included auditing as the following step. The perception of the managers as well as the plan of the implementation may affect the stage of training, and thus, the training on the SCoC as a strategy was not sufficient. It can be also noted, some managers do not use presentations during the training session, but preferred discussions with the suppliers. While it can be understood in the case the suppliers have been already familiarized with similar requirements, it should be taken into account, since the managers may omit some important aspects of the SCoC, and some nuances could be unnoticed.

**RQ3 How can the Supplier Code of Conduct affect the relationship between the company and the suppliers?**

The explicitly negative effect on the relationships was not detected. A few of the respondents have perceived such practices as unfair, since the suppliers didn’t have requirements to Company X in return. On the contrary, some of the suppliers were grateful for the requirements and training as they have learnt something new as well as improved their practices (e.g., not all of the suppliers knew the government can compensate the expenses associated with safety equipment). Moreover, among the respondents there were some interviewees who were willing to develop the same practices and policies similar to those of Company X’s in order to develop the business and set the standards. In general, the perception of the SCoC among the managers and suppliers regarding the SCoC in Russia can be characterized as more positive, since most of the respondents believe the practice is crucial in Russia in order to continue business and develop the business culture in Russia. The time is the critical element, however, it is needed in order to achieve the desired outcome, as the managers has mostly positive experience in developing their suppliers by obliging them to comply with, for example, safety and labour rights and regulations.

**RQ5 How successful are the strategies of the implementation of the Supplier Code of Conduct employed by the commissioning company?**
The aim of the training sessions is to acknowledge the suppliers with the requirements of the SCoC. According to the responses, the suppliers have basic knowledge of the requirements of the SCoC. That’s why the training on the SCoC as a strategy could be more detailed and more successful. At the same time, Company X has devised the implementation plan of the SCoC. The plan implies the audits and monitoring of the compliance as one of the main strategy. It is suggested that this factor may affect the training and the perception towards the training stage of both the managers and the suppliers. Some managers didn’t use the presentations or some supportive material in the training session, and only had a discussion about the key points of the SCoC. Some of the managers suggested additional training could be provided after the audits in case of the deviations. This attitude can obviously affect the training stage. Meanwhile, the suppliers were also reluctant to receive more clarifications regarding the SCoC; and the majority relied on the practical stage. At this stage, it is hard to judge what has affected the suppliers to perceive the training session as less important. However, according to the results the managers were not persuasive enough to emphasize the importance of the training stage.

7.2 Triple-loop four-phase model

Table 8 presents the triple-loop four-phase model (Adopted from Dyck 2014), which is relevant to be applied in this study. As it has been discussed in the theoretical framework, the model is applied in the interorganizational level, meaning that the buying firm facilitates the process of changes in the company of the supplier. Such implication of the model was supported by the responses of the managers and suppliers, who claimed that supporting the suppliers and developing them (e.g., demanding to wear helmets in special places) bring results and improvements in the supplier’s performance. This provides the ground for applying the model in the case, when the company may affect its suppliers to transform into responsible one.
**TABLE 8: Triple-loop four-phase model: Company X case**

<table>
<thead>
<tr>
<th>The model’s components</th>
<th>Company X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem/ Opportunity identification</td>
<td>The company has devised the requirements documented in the SCoC. The requirements can be perceived as a problem or the opportunity by the suppliers. It is suggested that the managers may affect on the suppliers’ perceptions by communicating the requirements and presenting them in a proper way. The managers and the suppliers who participated in the interviews claim the compliance with the SCoC has advantages for the suppliers, which can be used in training sessions. The advantages are the following:</td>
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<td></td>
<td>— simplifying the interaction with the governmental bodies since the SCoC covers many aspects of the regulations</td>
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<td></td>
<td>— some suppliers were inspired by the good practices of the companies who have devised and adhered to the principles similar to the SCoC</td>
</tr>
<tr>
<td></td>
<td>— for new and small companies the SCoC can be beneficial since many aspects were unfamiliar to the participants (e.g. compensation for the safety equipment by the government)</td>
</tr>
<tr>
<td></td>
<td>— some of the respondents (suppliers) had very optimistic attitudes towards the SCoC as it was reflecting their own vision on business</td>
</tr>
<tr>
<td></td>
<td>Although the suppliers are diverse, and the personalities of the suppliers are differing, the approach of the training should emphasize the positive effect on the compliance. The managers should try to affect the suppliers’ perception on the SCoC, and turn it rather into an opportunity, than to a problem. Some</td>
</tr>
</tbody>
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[Continues]
of the respondents were not satisfied with the SCoC, since they perceived it as unfair one-sided practice. In this case, it is advisable to emphasize the advantages of the SCoC and try to influence on their attitude. Since signing the SCoC is mandatory for the suppliers in order to continue or start the relationships with the company, the focus may be placed on the company’s values, in order to tone down the “dominance”.

| Behaviour       | Company X should support the suppliers in changing their behavior. Some managers in the interviews mentioned good practices in assisting the suppliers and changing their behavior (e.g., wearing safety equipment). It can be achieved by training and developing the suppliers. The communication is critical, since the suppliers have to accept it and understand the importance of such practices as Company X is not able to monitor all the actions of suppliers. These two phases (opportunity identification and behavior) can be facilitated by Company X by employing different strategies like training and auditing. |
| Worldview       | The supplier may go beyond the requirements of the SCoC. At the same time, this stage is broader than the relationships between Company X and suppliers. Thus, Company X may serve as an example for the supplier who is willing to expand its developed views on responsible business. |
| Structure/systems | Not all suppliers that are working with Company X are able to devise the same structures and systems for the responsible business due to resources. Company X cannot interfere into the supplier’s business structures. |
Meanwhile, the suppliers may learn how to manage different issues, for example, related to ethical sourcing. The development of the suppliers may lead to dramatic changes in their performance, and may result in the development of new structures, which may be more aligned with new visions on the responsible business.⁴

7.3 Recommendations for Company X

Based on the interviews and theories, the following recommendations can be provided for future work on the implementation of the SCoC.

— The company is planning to conduct audits in the nearest future. Since the significant part of the respondents has no deep knowledge of the SCoC requirements and a vast majority of the respondents is directly responsible for the realization of the requirements, it can be assumed the audits may reveal some deviations or omissions. It is suggested to conduct training sessions for the suppliers after the audits would take place, and emphasize the importance of the compliance. First of all, Company X is not able to monitor the suppliers all the time, and there are always loopholes for violations and cheatings, since the company is not able to verify all the documents (e.g. details about tax payments), the training is crucial at this point.

— During the training, communication should be planned more carefully. The interviews show both the managers and suppliers rely on the audits as a source of learning. At the same time, the suppliers do not show sufficient commitment to the implementation of the requirements. For Company X such attitudes and low participation can cause problems and additional work (at the early stages of implementing the SCoC the templates of documents and policies are relevant and can accelerate the process, however, the suppliers have to learn how to comply with the requirements as most of the aspects are covered by legislation).

⁴ The last two phases cannot be directly facilitated by Company X, and thus, these are the assumptions of possible situations.
The main actor who communicate and who may influence on the supplier (informally) is the manager. According to the managers’ responses the suppliers are very diverse and their levels of preparedness to comply and understand all of the requirements are different (e.g., some suppliers have an experience with forest certification and easily comprehend the requirements). Since that, some managers believe that the presentations during the training may be not necessary in all cases and the discussion can be enough. It is suggested, to analyze that more thoroughly whether some training sessions could be less formal and standardized. However, based on the research the detailed training is relevant in all cases as the SCoC is a unique document devised by the company and may cover some aspects not covered by certificates or legislation.

The lack of interest and low commitment of the suppliers is also supported by the fact that a significant part of the respondents are not interested in additional clarifications about the SCoC, however, some requirements are still confusing to them. Moreover, the suppliers are willing to have rather practical guidelines regarding the SCoC. Thus, the training should be oriented towards the practices and real applications of the requirements. The work team has found the analogues of the requirements in the Russian legislation (the team has also provided references to the regulations and laws covering the same topic), and the suppliers understand this correlation according to the responses. The suggestion can be to devise a more concrete list for the suppliers of the documents that should be in place, and where it is possible to provide templates of the documents and policies.

At the later stages of the implementation, after the audits and the correction plans will be conducted, it can be advised to organize a general seminar for the suppliers and present some accomplishments of the suppliers in order to reward the suppliers with a high commitment to the SCoC. For example suppliers with the lowest level or no deviations and the supplier who have corrected all deviations during the shortest period of time can be distinguished. Moreover, this recommendation is relevant, since the company’s target is to achieve the certain percentage of the suppliers signing the SCoC. However, if the company wants
to protect its reputation, which can be tarnished due to collaboration with dishonest suppliers, the compliance with the SCoC is crucial. Thus, the quality of the implementation of the SCoC plays important role. It is believed, that such tactic can be useful to bring the implementation of the SCoC to the new level, and makes it more than just a formality.

— Lastly, the implementation should be a continuous process. The interviewed managers believe the changes should be incremental, and Company X should proceed with the requirements by training and developing suppliers and monitoring them. Among interviewed suppliers, there were some, who were grateful and proud to work with the company. Some suppliers had positive experience as Company X has supported them to improve their performance, and thus, these suppliers were open to the SCoC and new developments. It gives the confidence to claim that the company has set the right direction in its global responsibility approach and commits to it.

7.4 Quality of the research

For evaluating the quality and trustworthiness of the research, the criteria of four components will be employed. The dependability of the research is achieved by the describing the method of collecting the data and its process. The description of the groups of the respondents and the process of interviewing the respondents is provided in the paper. The transferability of the research is not very strong, since the studies on the Supplier Code of Conduct and its implementation are not spread enough in order to search for correlations. The credibility of the research is believed to be achieved, as the researcher was able to study the SCoC and related materials before starting the research, as well as interview different groups like suppliers, managers and work team for obtaining opinions and responses from different perspectives. The conformability of the research can be demonstrated through linking the findings with the data by citing and providing quotes of the respondents for explaining the interpretations of the findings.

The data was collected by conducting semi-structured interviews, which is claimed to be the right method for collecting the data for this research. The responses provided the researcher with a sufficient amount of material enabling to answer the research questions.
**Limitations of the study**

The research had some limitations which will be discussed in this section. To begin with, the suppliers who participated in the interviews were selected by the managers. All of the suppliers that were interviewed participated in the training session on the SCoC, which was the main criterion for the selection. At the same time, different factors affecting the supplier’s selection by the managers cannot be studied, and thus, create the limitation of the research. Additionally, the managers organized mostly all of the meetings with the suppliers, which can also affect the perception of the suppliers about the interview and, in turn, influence on the results. Meanwhile, the researcher agreed to keep the confidentiality and stated the purpose of the interviews, by drawing the line been the research and the audit. At the same time, some of the suppliers, who participated in the interviews, referred to the commissioning company by using “you” instead of the “company” in the discussions with the researcher, which can be perceived that the interviewee didn’t clearly distinguish between the independent researcher and the commissioning company. Regarding the observation, the method is not sufficient alone. The researcher has observed not typical subjects (typical subjects are purchasers who collaborate with the suppliers) of the training. Thus, the focus of the observation was rather placed on the work team.

**Future research**

Apparently, the larger number of participants could be beneficial for the research. While this study rest on the random sample of the suppliers, it can be suggested for future research to categorize the suppliers for comparing the results between the categories. The possible categories can be based on geographical area of operation, size and structure of the companies. The assessment of the SCoC requirements is beyond this study, since the work team has link almost all of the requirements with the Russian legislation and regulations. At the same time, the respondents complained the compliance with the requirements caused additional expenses due to inconveniences of facilities (e.g. recycling), some regulations and practices in the legislation. Since that, more detailed analysis of the requirements and companies’ capabilities to adhere to regulations can be proposed.
8 CONCLUDING REMARKS

The idea of the practical application of this paper was driven me through the whole process of conducting the research. I have acquired theoretical knowledge on CSR and sustainability, and it was essential for me to immerse into the practice of such concepts. It turned out to be a great personal and academic experience for me. While the theories discuss some challenges about the implementation of CSR and SCoC, the practice happens to be more sophisticated. Frankly, I view CSR as an integral part of any business with more ethical and moral roots than with the instrumental ones. Now, this a vision seems to me as more of a black and white thinking. The work on this topic helped me to expand my expectations of the business reality and its components.

I believe the results and findings can be valuable for the commissioning company, as there is a room for improvements, and the company has only started to implement the SCoC. It was important to provide insights for the company, because the implementation of the SCoC is an incremental process, and the training will be employed by the company during the future steps of the process.

Being originally from Russia, I really enjoyed the topic in the Russian context. It was interesting to learn and meet the representatives of the Russian companies and travel to different towns. I also think that such a practice as a SCoC is crucial for business in Russia, and such initiatives should be supported and developed. Apparently, there are some challenges and obstacles on the way, but at the same time, there is a positive attitude that everything is possible. The managers working in the commissioning company claim to be the agents of the responsible and legitimate business with high standards and values. What truly distinguishes the managers of the commissioning company and the suppliers? They share the same culture and history, and they work in the same business realities. The commissioning company has brought its values and principles to the department in Russia, and the managers have adopted them, and they accept these values. Why cannot the company go beyond its organization, and spread its values and principles to other companies where employees can adopt and accept the same values?

It seems to me, that a SCoC is a step towards the changes in the business culture in Russia.
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TYSIACHNIUK, M. 2010. Institutsional'nye izmeneniya v rossiiskikh lokal'nostiah pod vlianiem transnatsional'nykh aktorov v protsesse lesnoi sertifikatsii [Institutional changes in Russian localities due to transnational actors during the forest certification]


APPENDICES

APPENDIX 1 (1).
FSC Principles and Criteria for Forest Stewardship (Adopted from FSC A.C. 2014).

<table>
<thead>
<tr>
<th>Principle 1: Compliance with Laws</th>
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<tbody>
<tr>
<td>The Organization shall comply with all applicable laws, regulations and nationally-ratified international treaties, conventions and agreements.</td>
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<thead>
<tr>
<th>Principle 2: Workers Rights and Employment Conditions</th>
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<tbody>
<tr>
<td>The Organization shall maintain or enhance the social and economic wellbeing of workers.</td>
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<tr>
<th>Principle 3: Indigenous Peoples’ Rights</th>
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<tbody>
<tr>
<td>The Organization shall identify and uphold indigenous peoples’ legal and customary rights of ownership, use and management of land, territories and resources affected by management activities.</td>
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<tr>
<th>Principle 4: Community Relations</th>
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<tr>
<td>The Organization shall contribute to maintaining or enhancing the social and economic wellbeing of local communities.</td>
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<tr>
<th>Principle 5: Benefits from the Forest</th>
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<tbody>
<tr>
<td>The Organization shall efficiently manage the range of multiple products and services of the Management Unit to maintain or enhance long term economic viability and the range of environmental and social benefits.</td>
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<tr>
<th>Principle 6: Environmental Values and Impacts</th>
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<tbody>
<tr>
<td>The Organization shall maintain, conserve and/or restore ecosystem services and environmental values of the Management Unit, and shall avoid, repair or mitigate negative environmental impacts.</td>
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[Continues]
APPENDIX 1 (2).
FSC Principles and Criteria for Forest Stewardship (Adopted from FSC A.C. 2014).

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<table>
<thead>
<tr>
<th>Principle 7: Management Planning</th>
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<tbody>
<tr>
<td>The Organization shall have a management plan consistent with its policies and objectives and proportionate to scale, intensity and risks of its management activities. The management plan shall be implemented and kept up to date based on monitoring information in order to promote adaptive management. The associated planning and procedural documentation shall be sufficient to guide staff, inform affected stakeholders and interested stakeholders and to justify management decisions.</td>
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<tr>
<th>Principle 8: Monitoring and Assessment</th>
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<tr>
<td>The Organization shall demonstrate that, progress towards achieving the management objectives, the impacts of management activities and the condition of the Management Unit, are monitored and evaluated proportionate to the scale, intensity and risk of management activities, in order to implement adaptive management.</td>
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<tr>
<th>Principle 9: High Conservation Values</th>
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<tbody>
<tr>
<td>The Organization shall maintain and/or enhance the High Conservation Values in the Management Unit through applying the precautionary approach.</td>
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<tr>
<th>Principle 10: Implementation of Management Activities</th>
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</thead>
<tbody>
<tr>
<td>Management activities conducted by or for The Organization for the Management Unit shall be selected and implemented consistent with The Organization’s economic, environmental and social policies and objectives and in compliance with the Principles and Criteria collectively.</td>
</tr>
</tbody>
</table>
APPENDIX 2 (1).

The Supplier Code of Conduct (Adopted from Stora Enso 2015f)

Introduction
This Supplier Code of Conduct (CoC) outlines the minimum standards required its Suppliers (as defined below) to comply with when doing business with. In addition to observing all laws and regulations governing their activities, further guidance on how to interpret and implement this CoC is given in the Practical Guide for Suppliers.

This CoC forms an integral part of all contracts between the Supplier and their Representatives, which include the company’s employees and legal representatives.

1. Definitions
A "Supplier" is any person or legal entity which provides products or services. In addition to Suppliers who have a direct contractual relationship with Stora Enso, this definition also includes the Suppliers’ sub-suppliers.

2. Management systems
The Supplier shall have appropriate management systems in place to enable adherence to this CoC or its own equivalent code of conduct, whichever is stricter, as well as all other relevant and applicable laws and regulations. The functioning and quality of the management system shall be in proportion to the size, complexity and risk environment of the Supplier’s business. This means that, at a minimum:

2.1 the Supplier shall adopt a systematic approach to the assessment, mitigation and management of risks related to human and labour rights, occupational health and safety, responsible business and environmental impact (hereafter referred to as “Code of Conduct Issues”),

2.2 all applicable laws, regulations and contractual terms governing the Supplier’s assignments shall be duly applied and communicated, with sufficient training provided to relevant employees and business partners,

2.3 the Supplier shall have systems in place to enable the reporting of Code of Conduct Issues-related grievances (e.g. a whistleblowing system),

2.4 the Supplier shall ensure that its own suppliers and sub-suppliers comply with this CoC or their own equivalent code of conduct. The Supplier is liable for the performance of its sub-suppliers as for its own work.

3. Human and labour rights

3.1 Human rights
The Supplier is required:

3.1.1 to respect human rights and not be complicit in human rights violations within its sphere of influence,

3.1.2 to fully recognise employees’ right to organise, belong to a union and bargain collectively,

3.1.3 not to use any forms of involuntary labour,

3.1.4 not to discriminate against any employee,

3.1.5 to pay employees at least the minimum wage and applicable overtime wages defined by national laws or any applicable collective agreements,

3.1.6 to apply normal working hours that comply with applicable law and collective agreements and where no such laws or collective agreements exist working hours will not exceed 48 hours per working week on a regular basis,

3.1.7 to provide all employees with at least one rest day in seven consecutive working days unless regulated otherwise by applicable laws.

3.2 Basic workers’ rights
The Supplier is required:

3.2.1 to ensure that employing young people above minimum age but under 18 years does not jeopardise their education, health, safety or morals,

3.2.2 to ensure that employing young people above minimum age but under 18 years does not jeopardise their education, health, safety or morals,

3.2.3 to fully recognise employees’ right to organise, belong to a union and bargain collectively,

3.2.4 not to use any forms of involuntary labour,

3.2.5 not to discriminate against any employee,

3.2.6 to treat all employees fairly and respectfully.

3.3 Wages and working hours
The Supplier is required:

3.3.1 to pay employees at least the minimum wage and applicable overtime wages defined by national laws or any applicable collective agreements,

3.3.2 to apply normal working hours that comply with applicable law and collective agreements and where no such laws or collective agreements exist working hours will not exceed 48 hours per working week on a regular basis,

3.3.3 to provide all employees with at least one rest day in seven consecutive working days unless regulated otherwise by applicable laws.

3.4 Occupational health and safety (OHS)
The Supplier is required:

3.4.1 to have emergency preparedness and response procedures in place,

3.4.2 to have a written OHS policy of its own, to demonstrate management’s commitment to OHS, and to assign responsibility for OHS within its organisation,

3.4.3 to ensure that operational controls such as rules and procedures are in place and communicated to all employees,

3.4.4 to have emergency preparedness and response procedures in place,

3.4.5 to increase its employees’ awareness of health and safety issues, to enhance safety culture through open

[Continues]
APPENDIX 2 (2).
The Supplier Code of Conduct (Adopted from Stora Enso 2015f)

[Continues]

communications, and to ensure that its staff have
received appropriate OHS training.

4.6 to measure and monitor its OHS performance and OHS
hazards with the help of properly conducted workplace
inspections and audits,

4.7 to report and investigate all health and safety incidents.

5. Environmental impact
The Supplier is required:

5.1 to fulfill all environmental requirements defined in
relevant laws, regulations and environmental permits,

5.2 to assign responsibility for environmental issues within
its organization,

5.3 to ensure that its employees have appropriate know-
how and experience in relation to environmental issues,
as well as resources to enable them effectively to meet
their responsibilities,

5.4 to ensure that written instructions covering all processes
with potential environmental impacts, such as the
storage and handling of hazardous materials, are
available and that the relevant information is
communicated to all employees involved,

5.5 to proactively work to prevent emergencies and ensure
the capacity to react appropriately to such events, by
analysing, identifying and adopting suitable preventive
and corrective measures,

5.6 to handle environmental violations and complaints
systematically and communicate them to employees
and external stakeholders, including [●] if
affected,

5.7 to provide [●] with up-to-date material safety
data sheets (MSDS or SDS), as applicable, and any
other relevant documents and information requested by
[●].

6. Responsible business
The Supplier is required to conduct its business in full
compliance with [●] Business Practice Policy or the
Suppliers’ own equivalent ethical rules, whichever are
strictor. This means, among other things, that the Supplier is
required:

6.1 to conduct business in full compliance with all applicable
antitrust and fair competition laws,

6.2 to prevent situations where there is a conflicts of interest
between the Supplier and [●],

6.3 to act in compliance with all applicable anti-corruption
laws, by, among other things, refusing to receive or offer
bribes, facilitation payments or anything of value for the
purpose of obtaining or retaining business or any
improper benefit or advantage,

6.4 to act in compliance with all rules and regulations
related to the safety and quality requirements of
products and services, including rules defined by [●],

6.5 to transparently and accurately record and disclose
details of its business activities, corporate structure,
financial situation and performance in accordance with
applicable laws and regulations.

When doing business with [●] this means among
other things that:

6.6 [●] Representatives shall always pay for their
own travel and accommodation costs when visiting the
Supplier, conferences, reference plants etc.,

6.7 [●] Representatives shall not be offered any
gifts, hospitality or expenses that could be considered
unreasonable or inappropriate with regard to possible
business transactions.

7. General requirements
The Supplier is required:

7.1 to immediately report any non-compliance with this CoC
to [●]. The Supplier and any of its employees
may report their concerns confidentially to:

7.2 to disclose information and data regarding issues
covered by this CoC at the request of the
COC, unless this would conflict with its statutory obligations on
disclosure of information.

7.3 to allow [●] or any third party authorised by
[●] and reasonably acceptable to the Supplier,
to conduct in the presence of the Supplier an audit of
the Supplier’s operations relevant for this CoC including
but not limited to the Supplier’s facilities, and relevant
elements from books and records. At the Supplier’s
request, the parties involved in any such audit shall
enter into a confidentiality agreement regarding the
circumstances disclosed in the audit.

8. Enforcement
8.1 If [●] finds that the Supplier is not meeting the
requirements and expectations set out in this CoC,
[●] will offer guidance specifying which issues
need to be corrected or improved. The Supplier must
then take corrective actions promptly as advised by
[●]. Nevertheless, the Supplier reserves the right
to cancel outstanding orders, suspend future orders or
terminate the contract with the Suppliers in case of
material breach of this CoC.

8.2 Should the main contract between [●] and the
Supplier, to which this CoC forms an Appendix, contain
separate termination rules, it is nevertheless understood
that both parties agree that breach of this CoC may be
considered a material breach of contract, thus entitling
[●] to terminate the contract.
**APPENDIX 3 (1).**

The interview questions for suppliers.

Questions for suppliers used during the semi-structured interviews.

<table>
<thead>
<tr>
<th>1. Has your company signed the Supplier CoC – legal document?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>What has prevented you from doing so?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Have you (your colleagues) participated in / been provided with training and support from Company X regarding the realization of the Supplier Code of Conduct?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>What were the reasons?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Could you provide the feedback regarding the training session:</td>
<td>Have you been offered the training/support?</td>
</tr>
<tr>
<td>a. Was it useful</td>
<td></td>
</tr>
<tr>
<td>b. Informative</td>
<td></td>
</tr>
<tr>
<td>c. Clear</td>
<td></td>
</tr>
<tr>
<td>d. … (describe)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2.1 Were there any other people from your company who did participate in the training?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many people have participated in the training?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Have you received the Supplier CoC support in the form of written material (e.g. “Practical Guide for the Company X`s Suppliers” for repeating the minimum requirements and for training your own staff and suppliers in your supplier chain?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Continues]
**APPENDIX 3 (2).**

The interview questions for suppliers.

[Continues]

<table>
<thead>
<tr>
<th>Yes, I read it through</th>
<th>Yes, but I haven`t read it through</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Was the guide with examples useful and applicable?</td>
<td>Why not?</td>
<td>Do you know the reasons?</td>
</tr>
<tr>
<td>Yes</td>
<td>No (What was wrong?)</td>
<td>Have you been offered the guide?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Have you heard about the guide?</td>
</tr>
</tbody>
</table>

4. Would you like to receive personal support and guidance in terms of clarifications or training sessions about the Supplier CoC?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No (What will be useful for you?)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(training session in form of a discussion, some practical advice, clarifications, templates, document samples.)</td>
</tr>
<tr>
<td></td>
<td>Why not?</td>
</tr>
</tbody>
</table>

5. Do you know whom to turn to in Company X for further clarification, advice or help with the Supplier CoC in case of any questions and misunderstanding?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who you will contact to in case of questions?</td>
<td></td>
</tr>
</tbody>
</table>

[Continues]
### APPENDIX 3 (3).

#### The interview questions for suppliers.

[Continues]

<table>
<thead>
<tr>
<th></th>
<th>6. Do you find the purpose of the supplier Code of Conduct clear and understandable?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>6.1. Could you explain why it is important for Company X to have the Supplier Code of Conduct?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7. Do you know what is your responsibility and your company’s responsibility for implementing the Supplier CoC and meeting the minimum requirements?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>8. Do you find the content of the supplier Code of Conduct clear and understandable?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>9. Some parts of the minimum requirements might be already familiar to you (e.g. from Russian legislation/FSC/ISO standards), but have you found some new requirements in the Supplier CoC?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Please specify them</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>10. Do you think the language of the SCoC – legal document and the support materials should be simplified? (e.g. through practical examples)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

[Continues]
APPENDIX 3 (4).
The interview questions for suppliers.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1. Do you find Management systems section clear and understandable?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were there any misunderstandings, disagreements with requirements?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.2. Do you find Human and labour rights section clear and understandable?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were there any misunderstandings, disagreements with requirements?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.3. Do you find Occupational health and safety section clear and understandible?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were there any misunderstandings, disagreements with requirements?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.4. Do you find Environmental impact section clear and understandable?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were there any misunderstandings, disagreements with requirements?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Continues]
APPENDIX 3 (5).
The interview questions for suppliers.

[Continues]

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>What makes it hard for understanding?</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.5. Do you find Responsible business section clear and understandable?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were there any misunderstandings, disagreements with requirements?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.6. Do you find General requirements section clear and understandable?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were there any misunderstandings, disagreements with requirements?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.7. Do you find Enforcement section clear and understandable?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were there any misunderstandings, disagreements with requirements?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Do you know your responsibilities according to the Supplier CoC?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.1. Are you open to provide SE with documents needed for monitoring the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>compliance with CoC?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes, all needed documents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes, not all documents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(What documents cannot be provided and why?)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What are you concerns?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Would you be willing to provide documents if additional agreement of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>confidentiality would be signed?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Continues]
**APPENDIX 3 (6).**

The interview questions for suppliers.

[Continues]

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Are there any requirements you find hard to fulfill? Have you faced any practical difficulties?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What are they?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Was it required to introduce new programs and rules or policy in the company in order to fulfill the requirements of the Supplier CoC?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What was required?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who was requiring (external auditor/ the Company X’s staff)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How do you find the requirements – are you able to meet them?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. What do you think, such requirements fit into the Russian business culture?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What are they?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 3 (7).
The interview questions for suppliers.

[Continues]

<table>
<thead>
<tr>
<th>16. Do you acknowledge all your suppliers (sub-suppliers) about the requirements of the Supplier Code of Conduct?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>How did you inform them?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>16.1. How do you make your suppliers comply with the Supplier Code of Conduct?</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.2 Have you devised the controlling system for your suppliers?</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Is it similar to the Company X’s?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>17. Are your employees aware of the Supplier Code of Conduct and its requirement?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>What are the methods of informing the employees? (training sessions, posters, etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>18. What is your opinion about the Supplier CoC? (Does it reflect your own values or visions?)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Continues]</td>
</tr>
</tbody>
</table>
APPENDIX 3 (8).
The interview questions for suppliers.

[Continues]

<table>
<thead>
<tr>
<th>Yes, I agree with the importance of Supplier CoC, understand the objectives and will be committed to fulfill the requirements.</th>
<th>No, In my opinion the Supplier CoC policy is not necessary, it will not improve my business, it will only cause additional bureaucracy and costs.</th>
<th>Other answer</th>
</tr>
</thead>
</table>

19. Does it help to improve the communication and cooperation between you and the Company X?

Yes

In what way?

No

Why not?

Partly/ No effect

20. Does the Supplier CoC have any negative effects on your relationship with SE?

Yes

Please specify

No

21. Do you understand the juridical validity of Supplier CoC-legal document attached to your contract?

21.1. Do you recognize that SE will have right to cancel the contract and cooperation with your company, in case of serious/ constant violations of the minimum requirements of Supplier CoC?

[Continues]
### APPENDIX 3 (9).

**The interview questions for suppliers.**

[Continues]

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>22. Do you support the initiative of documenting the principles of the ethical business (responsible business)?</td>
<td></td>
<td>No. What do you consider to be the core business objectives?</td>
</tr>
<tr>
<td>23. Was it required to introduce new programs and rules or policy in the company in order to fulfill the requirements of the Supplier CoC?</td>
<td></td>
<td>No. What was required?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Who was requiring (external auditor/SE staff)?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How do you find the requirements – are you able to meet them?</td>
</tr>
<tr>
<td>24. Are you planning to create and introduce the Supplier Code of Conduct in your company similar to one that the company has?</td>
<td>Yes</td>
<td>No. Why not?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>What was the reason for making such decision?</td>
</tr>
</tbody>
</table>
APPENDIX 4 (1).

Interview themes of the interviews with suppliers (more detailed table)\(^5\)

The table below presents the summary and some quotations from the interviews with suppliers. The numerical number of respondents doesn’t match with other numerical numbers presented in different tables in order to retain the confidentiality of the interviewees.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Suppliers’ evaluation of the training session:</th>
<th>Suppliers’ knowledge about the content of the SCoC:</th>
<th>Suppliers’ perception towards SCoC:</th>
<th>Suppliers’ capabilities comply with the requirements:</th>
<th>Additional comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>— training session</td>
<td>— claims of understanding the requirements (in words of suppliers)</td>
<td>— the purpose of the SCoC</td>
<td>— additional support</td>
<td></td>
</tr>
<tr>
<td></td>
<td>— training material</td>
<td>— actual knowledge of the requirements</td>
<td>— requirements of the SCoC</td>
<td>— requirements of the SCoC causing some difficulties</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>— The SCoC in Russian context</td>
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<td></td>
</tr>
</tbody>
</table>

[Continues]

\(^5\) In order to retain the confidentiality of the interviewees, the sequence number in Table 3 doesn’t match the order of the interviews in this section.
APPENDIX 4 (2).
Interview themes of the interviews with suppliers (more detailed table)

[Continues]

<table>
<thead>
<tr>
<th>Interview 1</th>
<th>interesting, useful, new information were presented during the training (differs from FSC certificate)</th>
<th>The interviewee was able to answer to the questions about the requirements and was prepared for the conversation. The respondent could provide the examples of some requirements that were hard to fulfil in practice, making it evident that the respondent was familiarized with the SCoC and started to implement the requirements.</th>
<th>[The SCoC] is a “culture of the production and organization”; “it is a universal standard for suppliers.”</th>
<th>“Practical guidelines and will be useful.” The requirement regarding the unions for employees is not sufficient, as “there is no history in the company of such unions, and, thus, we are not able to facilitate the creation of the union. However, the employees are welcome to organize any unions.”</th>
<th>The supplier doesn’t have any serious problems with the requirements according to his opinion, since Company X is already exercising this practice, and monitoring its suppliers through auditing. The supplier perceives the SCoC as a part of the already existed practice.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>— material is good and clear, the amount is sufficient.</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

[Continues]
**APPENDIX 4 (3).**

**Interview themes of the interviews with suppliers (more detailed table)**

[Continues]

| Interview 2 | The respondent was present during the discussion (around 1 hour) about the SCoC, however. The respondent was provided with “lots of written materials”. At the same time, the respondent was confused with the SCoC, which was unclear. | The respondent was not fully aware of the requirements. He admitted to read through the requirements but had very basic knowledge about them. The Management System section was very confusing for the interviewee. The interviewee claimed that the SCoC was not new to him. The respondent couldn’t | [The SCoC is about] “honest and decent job, care about people”. “it [the integration] should be incremental”. “Russian companies are not used to work according to laws. There is a huge gap between Russian and Western companies”. | Nothing concrete as the respondent was not prepared and had not enough knowledge about the SCoC. The respondent is a middle manager, and, thus, may be aware only about his responsibilities. Since the interviewee was always repeating he already knew all of the requirements and nothing was new to him but was not prepared to answer to the questions, it was more likely to assume that the respondent was |

[Continues]
APPENDIX 4 (4).
Interview themes of the interviews with suppliers (more detailed table)

| Interview 3 | “Everything is clear [the requirements] but the material was not prepared when the training was conducted.” | The respondent stated that he understood everything and knew the requirements, at the same time he was confused with some of the questions regarding the requirements like Management Systems. Thus, the respondent had only basic knowledge about the SCoC. | [The SCoC is about] “the right way of work” “It [the compliance with the SCoC] helps to work with the governmental bodies”. “At the same time, [The compliance with the SCoC] lots of inconveniences and time consuming”. | “The main problem is to monitor our own suppliers as it requires financial. “We do not have time to work with suppliers, we need time for our own compliance.” resources.” | indifferent towards the SCoC. There are some contradictions in the response. First, the respondent is not fully aware of all requirements, at the same time, he didn’t any additional support, as “everything is clear.” Second, the respondent found the SCoC |
| Interview 4 | The training was in the form of the discussion, and the respondent was satisfied with the provided material. | The respondent had sufficient knowledge about the requirements. He was able to provide some examples of the requirements that were unclear (the Responsible business section like hospitality and gifts). | "Russian mentality" is different. Corruption is everywhere.” “The SCoC is about compliance with the Russian laws and regulation.” [The SCoC in Russia] “is already existing practice especially in big companies. | "Everything was clear, and no additional support was required.” The difficult task is to oblige employees to comply with regulations (safety conditions). | requirements helped to deal with governmental bodies but claimed the compliance with the requirements was time-consuming, inconvenient, and hard to adhere. |
**Interview themes of the interviews with suppliers (more detailed table)**

<table>
<thead>
<tr>
<th>Interview</th>
<th>The respondent stated the training and material was sufficient and clear.</th>
<th>The interviewee claimed that studied only those requirements related to his work. However, the respondent was not prepared to discuss the requirements beyond his direct responsibilities.</th>
<th>[The SCoC is about] “decent and honest work”. In Russia “the SCoC is possible to integrate but very hard” (no concrete details).</th>
<th>The main problem of integrating the SCoC is the lack of time and human resources.</th>
<th>The respondent’s duty was to be responsible for the SCoC in the company, at the same time his main position was partly connected to the SCoC, and thus, it is evident that the human resources in the company are limited.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interview 5</td>
<td>The training was sufficient and material was clear. However, the respondent found the material too broad and</td>
<td>The respondent found the requirements very similar to the FSC requirements, and thus, he learn nothing new. Meanwhile, the respondent</td>
<td>[The SCoC is viewed] as “an aspiration for the improvements in Russia. It disciplined”. The SCoC is “possible to</td>
<td>“The difficulties were due to inconvenience in Russian structures (e.g. recycling was far and was causing lots of ex</td>
<td>The respondent had very positive experience with the Company X, and valued the partnership with the Company. “The managers</td>
</tr>
<tr>
<td>Interview 6</td>
<td>The training was sufficient and material was clear. However, the respondent found the material too broad and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Continues]
APPENDIX 4 (7).

Interview themes of the interviews with suppliers (more detailed table)

[Continues]

<table>
<thead>
<tr>
<th>Interview 7</th>
<th>complicated for his employees. “Nothing new was presented since the FSC duplicated most of the requirements.”</th>
<th>was not confident in answering to the questions and was confused with some sections (e.g. Management System).</th>
<th>integrate in Russia, but the main problem is the organization and structures”. “Compliance causes additional expenses.”</th>
<th>always helped him and reminded about important dates.”</th>
</tr>
</thead>
</table>

| “The seminar was useful with good examples.” | The respondent was familiarized with the requirements, however, was not possible to answer to questions demanding profound knowledge about the SCoC. “The requirements are similar.” | “Some kind of control over suppliers. The more civilized way of running the business.” “In Russia, the SCoC [as a practice] is possible, especially the examples of | The respondent’s main concern was the termination of the contract. This section was confusing for the respondent. Moreover, the interviewee was concerned with the prac- | The respondent claimed that briefly familiarized with the requirements of the SCoC, as the main concern is the practical implication. The interviewee believed that the audits could |
### APPENDIX 4 (8).

**Interview themes of the interviews with suppliers (more detailed table)**

[Continues]

| Interview 8 | The interviewee claimed that the training was in the form of discussion, but not very structured and prepared. The respondent was partly aware of the requirements. Some of the sections in the SCoC were not familiar to the respondent. | “The SCoC is the universal standard for all suppliers, the main idea is to run the business according to laws.” “The SCoC was devised for the benefit of the Company X.” The respondent was confused with the section | The interviewee wanted to receive more detailed information regarding the audit and its procedures. | The company’s staff is small, and the person responsible for the SCoC has to other duties and official responsibilities. The SCoC is perceived as a discrete document. In general, the employees are concerned only with their own duties, and do not “interfere to the

**Continues**
### APPENDIX 4 (9).

### Interview themes of the interviews with suppliers (more detailed table)

[Continues]

<table>
<thead>
<tr>
<th>Interview</th>
<th>The respondent was satisfied with the training and support from the Company X,</th>
<th>The respondent had brief knowledge about the requirements. Some of the questions about the require-</th>
<th>The respondent sees the SCoC as an effort of “the international company to bring new practice into</th>
<th>“The main difficulty is to obtain all the required documents”, “Company X is very supportive</th>
<th>The company is young, and thus, some nuances may be not familiar. The respond-</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interview 9</strong></td>
<td>about the termination of the contract. The respondent claimed that companies in Russia “not all are going to comply with the requirements, and the companies won’t show the real documents for verification.”</td>
<td></td>
<td></td>
<td></td>
<td>ent claimed that the Com-</td>
</tr>
</tbody>
</table>

[Continues]
APPENDIX 4 (10).

Interview themes of the interviews with suppliers (more detailed table)

<table>
<thead>
<tr>
<th>and noted that the staff helped in understanding some laws and regulations in Russian legislation.</th>
<th>and noted that the staff helped in understanding some laws and regulations in Russian legislation.</th>
<th>and noted that the staff helped in understanding some laws and regulations in Russian legislation.</th>
<th>and noted that the staff helped in understanding some laws and regulations in Russian legislation.</th>
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</thead>
<tbody>
<tr>
<td>the same time, the company has started to work Company X recently.</td>
<td>the same time, the company has started to work Company X recently.</td>
<td>the same time, the company has started to work Company X recently.</td>
<td>the same time, the company has started to work Company X recently.</td>
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<tr>
<td>Russia.”</td>
<td>Russia.”</td>
<td>Russia.”</td>
<td>Russia.”</td>
</tr>
<tr>
<td>It also “disciplined us as suppliers.”</td>
<td>It also “disciplined us as suppliers.”</td>
<td>It also “disciplined us as suppliers.”</td>
<td>It also “disciplined us as suppliers.”</td>
</tr>
<tr>
<td>“During the crises we try to minimize out expenses, and the compliance with the requirements causes additional expenses.”</td>
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<td>“During the crises we try to minimize out expenses, and the compliance with the requirements causes additional expenses.”</td>
</tr>
<tr>
<td>The integration of the SCoC “is possible, but requires lots of time due to the reality like corruption.”</td>
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<td>The integration of the SCoC “is possible, but requires lots of time due to the reality like corruption.”</td>
</tr>
<tr>
<td>and guides us towards improvements, it is a great experience and opportunity.”</td>
<td>and guides us towards improvements, it is a great experience and opportunity.”</td>
<td>and guides us towards improvements, it is a great experience and opportunity.”</td>
<td>and guides us towards improvements, it is a great experience and opportunity.”</td>
</tr>
<tr>
<td>Company X guided them and helped them to be better.</td>
<td>Company X guided them and helped them to be better.</td>
<td>Company X guided them and helped them to be better.</td>
<td>Company X guided them and helped them to be better.</td>
</tr>
</tbody>
</table>
APPENDIX 4 (11).

Interview themes of the interviews with suppliers (more detailed table)

[Continues]

| Interview 10 | The respondent claimed that everything was clear during training, at the same time the material is too broad and complicated and the personnel had to process it in order to present it to the internal staff. | The interviewee saw no benefit in creating the SCoC as everything “is already existing, all laws and regulations are in place.” “The monitoring should be performed by other parties like governmental bodies, not the company. “We have signed the document [the SCoC], and thus, it means that we have read all the requirements.” | “Russia differs from Finland. The process [the integration of responsible business] is slow, it needs time.” “It is not understandable why Company X has such demands and requirements, it is not the partnership, as we do not have such demands for the Company X, we do not control them.” | “No additional support is needed, we are waiting the practice [audits] to understand everything in practice.” | The respondent stated that monitoring the compliance with laws and regulations was the responsibility of the government and different governmental bodies. |

[Continues]
APPENDIX 4 (12).

Interview themes of the interviews with suppliers (more detailed table)

| Interview 11 | The respondent was satisfied with the training. It was in the form of the discussion. | The interviewee was familiarized with the requirements. | “The attitude towards the SCoC is only positive. It is the only company in our region that has such standards. We work towards the company in order to achieve the same level.” “In Russia, especially in our region very few companies are working like Company X. We are proud to work with the Company and work to “The company is small with limited human resources. We also had not enough financial resources to devise similar document [the SCoC], but we are working honestly and transparently.” |

[Continues]
APPENDIX 4 (13).
Interview themes of the interviews with suppliers (more detailed table)

[Continues]

| Interview 12 | The respondent was attending seminars and training session. The respondent was not aware of the practical guidelines. The guidelines were sent via email, but the respondent “had no time to study the document.” | “Company X wants to work with honest suppliers. It is direction towards transparent business practice with compliance with the laws.” “It disciplines us.” | The respondent stated the requirements were not new, and everything was very clear. The respondent believed that “after the USSR time many of the regulations and principles have been retained, and thus, the company has everything in place.” | The respondent saw no reason for obtaining additional support. At the same time, the respondent believed that in case the audit reveals some deviations, the company would correct everything.” |

[Continues]
APPENDIX 4 (14).

Interview themes of the interviews with suppliers (more detailed table)

[Continues]

| Interview 13 | The respondent was satisfied with the training and provided material. But suggested to have more practical examples. | The respondent was prepared for the interview, could answer to the questions about the requirements. | [The SCoC is about] “transparent business striving for better world.” “The expectation of the business are reflected in the SCoC.” “The integration [of similar practice like the SCoC] has already started in Russia. Company X is not the first who started the SCoC in Russia, and thus, it already works.” | The respondent would like to receive more practical examples like templates of policies and guidelines, training material for own personnel and suppliers. The respondent was very confident that the company had everything, but would like to receive support (in a form of templates) “for improving their own systems and policies. | The respondent saw the main obstacle in the lack of tools requiring for monitoring their own suppliers. The respondent’s company didn’t have the SCoC, and thus, couldn’t demand the compliance with such requirements. At the same time, the company observed their key suppliers. |
APPENDIX 5 (1).
The interview questions for managers.

1. Have you participated in the training session about the Supplier Code of Conduct?

2. What is your opinion regarding the training session for managers about the SCoC? Was it sufficient? Evaluate the session.

3. Do you consider the requirements of the SCoC the new practice in the company, which has to be studied in more details?

4. Do you find the content and the presentation (the language, layout) of the SCoC clear and understandable?
   4.1. Do you find the requirements and all the sections in the SCoC clear and understandable?

5. Have you provided the suppliers with the training about the SCoC?
   5.1. Have you faced any difficulties during the training?
   5.2. What requirements are hard for implementing for the suppliers? (Did the suppliers mention any?)
   5.3. Were there any concerns or uncertainty regarding the SCoC from the suppliers?

6. Was it hard to provide the training session for the suppliers?
   6.1. Do you have enough material for the training session?
   6.2. What sources are you referred to?

7. Do the suppliers comply with the requirements of the SCoC in most of the cases, in your opinion?

8. What are the requirements, in your opinion, are hard to fulfill for the suppliers?

9. What time is required for the integrating the SCoC into suppliers` practice and their compliance with the requirements?
APPENDIX 5 (2).
The interview questions for managers.

10. What is your opinion about the future audits of the suppliers in order to check the compliance with the SCoC?
   10.1. Will it be hard for the managers to conduct such audit?

11. What is your opinion regarding the perception of the SCoC of the suppliers?
   11.1. What is their attitude regarding it, in your opinion?

12. Do you think that the implementation of the SCoC can affect your relationships with suppliers? In what way it may affect?

13. Do you think, that the SCoC may guarantee the compliance of the suppliers with the requirements?

14. What is your opinion about such practice in Russia?
   14.1. Do you think such requirements can be integrated into the business culture of Russia and maybe even transform it?

15. What is your opinion about SCoC? Does it reflect your own understanding about the business practice?
APPENDIX 6 (1).

The interview questions for work team.

1. What are your tasks in developing the training sessions on the SCoC?
   1.1. Are your position and field of work (working task) connected to the SCoC? Are there any field or sections in the SCoC that you are mainly responsible for?
   1.2. Have you participated in similar projects or performed similar tasks prior to the SCoC?

2. How did you familiarize with the SCoC?
   2.1. Did anybody support you in studying the SCoC?

3. Do you think that the strategies of implementing the SCoC were chosen properly?
   — the selection of suppliers who have to sign the SCoC?
   — time constraints for training sessions
   — ways of training (e.g. seminars, materials)

3. Training sessions for managers of the company.
   3.1. What do you emphasize the most during the training session? (e.g. The overlaps of requirements with Russian legislation, the company policy and its mission and vision, the collaboration with suppliers and importance of relationships, other).
   3.2. What is the managers` perception towards the SCoC? Have you noticed any concerns, disagreements etc?
   3.3. Do managers ask your help or advice regarding the SCoC? Were there any questions and misunderstandings among managers on the SCoC?

4. Do you find the SCoC requirements strict and stringent?

5. What was the main reason, in your opinion, of creating such a document?

6. What is the main purpose of the SCoC? (Protection from the suppliers` violations, the tool of communicating with suppliers, the policy of the company derived from its mission and vision, other)
APPENDIX 6 (2).

The interview questions for work team.

7. Does the SCoC reflect the company’s corporate culture? (*Corporate culture refers to the shared values, attitudes, standards, and beliefs that characterize members of an organization and define its nature.*)

8. Do you think the SCoC is necessary and useful practice in Russia?
   8.1. Do you think such requirements can and will be fulfilled in Russia?
   8.2. Do you think that the SCoC should be the universal document for all countries, where the company is operating in?

9. Who is the main contributor to the success of the SCoC in practice? (the developers of the SCoC, the developers of the training sessions, the managers, the suppliers).

10. What is your attitude towards the SCoC?
    10.1. Do you think the requirements of the SCoC and the monitoring of the compliance with the requirements are the responsibility of the company? Or, these requirements in their monitoring should be conducted by other parties like governmental bodies or third parties?

11. Were there any calculations of the possible expenses derived due to the SCoC?
    11.1. Do you think the efforts of implementing the SCoC are necessary?
    11.2. What could be the main source of expenses? (e.g. human resources, audits, training, materials, other).

12. Are (were) there any difficulties or mistakes, in your opinion, during the planning of the implementation of the SCoC?

13. Were there a collaboration and support from the corporate level?

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APPENDIX 6 (3).

The interview questions for work team.

14. How would you evaluate the process of planning and training? (Was it hard/clear in the beginning, enough material, etc.)
APPENDIX 7 (1).

Questions for the top manager

1. What are the main reasons or drivers for devising the Supplier Code of Conduct (SCoC)?

   (Is it a strategic supplier management, or the logical continuation of Business Practice and Code of Conduct, or the response to the supplier’s violation?)

2. How do you view the SCoC?

   Is it rather a marketing tool for protecting and enhancing StoraEnso’s image or is it a protection from financial losses due to supplier’s violations, or an extended corporate policy?

3. How was the SCoC planning carried out? Do you think the planning was sufficient?

4. Are you planning to allocate additional resources for the implementation of the SCoC?

   Human resources or financial resources, others

5. Do you have channels for communicating with work team members in different departments like Wood Supply, Russia regarding the SCoC? How do you communicate with them?

5.1. How do you monitor the implementation of the SCoC, for example, in Russia?

6. Who, do you think, are the main contributors of implementing the SCoC?

   Is it corporate level, work teams (who prepared the training material), managers, suppliers?

7. Are you planning to monitor the compliance with the SCoC using internal resources or employing external third parties?

8. What is your plan about the implementation of the SCoC?

   Do you have deadlines for the implementation?
APPENDIX 7 (2).

Questions for Vice President, Responsible Sourcing

9. How are you going to evaluate the implementation of the SCoC? Do you have any plan or criteria for the evaluation of the work?

10. What is your personal opinion of the SCoC and similar practice?
    Do you think the SCoC is essential business practice due to globalization and some trends, or does the SCoC reflect your own expectation of the business practice, some other thoughts.