



<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Master's thesis
Licentiate's thesis
Doctor's thesis

Subject	International Business	Date	4.6.2009
Author(s)	Marjaana Palomäki	Student number	
		Number of pages	116
Title	Socially responsible purchasing from a developing country -A case study from an SME perspective		
Supervisor(s)	D.Sc. Birgitta Sandberg M.Sc. Mari Ketolainen		

Abstract

The nature and pattern of international trade flows are changing rapidly. Over the next two decades, most of the world's growth is expected to occur in today's emerging markets. Once thought as backward and low tech, these regions are now rapidly transforming their economies. The increasing international trade and the phenomenon of globalization have fuelled discussions on corporate social responsibility. Companies that operate globally are being asked to act in a socially responsible manner as they are also expected to care for the environment, their employees and the local community in addition to achieving financial returns. The purpose of the study is to answer the research question, namely *what is the process of starting socially responsible purchasing from a developing country like for a small-sized Finnish company?* The research problem is divided into three sub-questions:

- Why does a company choose to incorporate social responsibility in its purchasing activities?
- How is a socially responsible supplier selected?
- What are the challenges in starting business activities with a developing country partner?

The research questions were answered by first forming analysis frameworks from existing literature and then by studying the phenomenon through a case company. In order to answer the research questions, a five-phased model for depicting the development and evolution of developing country purchasing partnerships was constructed based on literature. For the empirical part, a single case study approach was selected and data collection was done by conducting personal interviews. Three interviews were carried out; two with the owner-manager of the case company, and one with the Executive Director of Fairtrade Finland.

The findings of the study indicate that the main reason for a small-sized Finnish company to become interested in socially responsible purchasing seems to be the entrepreneurs' personal interest towards ethical consumerism and production. The choice of the target country and the selection of a purchasing partner may rely heavily on intuition. Many of the challenges identified in literature (related to foreign purchasing) were present in this case, but only few of the challenges associated specifically with the developing country business environment could be identified. This highlighted the uniqueness of every partnership and the differences between developing countries. Issues of key importance in the development and evolution of developing country purchasing partnership were found to be the evaluation of the company's competencies and resources, visiting the potential partner and its subcontractors, evaluating the compatibility of the two companies and their key personnel, the drafting of a detailed partnership agreement and effective communication.

Key words	Developing countries, purchasing partnerships, corporate social responsibility
Further information	