CSR in International Purchasing Decisions

Anna Jansson
Abstract

The need to achieve competitive advantageous among companies have made international purchasing an attractive option. Acting on international markets could be beneficial from many perspectives; one of the main driving forces is to cut costs. However, there are also a lot of challenges related to international purchasing. CSR and Sustainability issues seems so becoming increasingly important in society and this will of course affect companies work with international purchasing. This paper investigates the driving forces and challenges related to international purchasing and the role of CSR and Sustainability in this context. The findings are then applied on the construction industry and the case company NCC. The methods used are both a literature study and an empirical study. The empirical study is based on interviews with representatives from varying industries.

The study indicates that the importance of CSR and Sustainability is rapidly increasing. Companies must balance the driving forces in terms of e.g. cost and quality with CSR issues and other challenges that distance causes. Supplier relationships have turned out to be a crucial factor for the success of international purchasing and CSR. Building supplier relationships is therefore suggested as a strategy for NCC to embrace.

Key-words Corporate Social Responsibility, Sustainability, International Purchasing, Construction industry, Supplier relationship
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1. Introduction

*In this introductory chapter, the background and problem description addressed in the thesis will be presented. The background is followed by the purpose and research questions. Finally, the delimitations of the thesis will be described.*

1.1 Background

The competitive environment that we are facing today requires continuous and fast improvements within organizations. Companies are continuously striving to get new competitive advantageous and international purchasing could be a strategy in order to achieve that. International purchasing has become a common strategy among Swedish construction companies today. The reason for this is that the costs for construction materials have rapidly increased. The Swedish Construction Federation writes in a report that the cost for materials is 45% of the cost in a construction project, and that the cost for materials have risen with 121% between the years 1990 and 2010 (Sveriges Byggindustrier, 2011). In order to lower material costs construction companies can choose to purchase materials from low cost countries around the world. Other advantageous such as secure supply chain or get access to new technologies are also incentives for conducting international purchasing. However, purchasing on an international market is also connected to a wide range of challenges; differences regarding culture, language barriers, product quality, regulations and how business is being made are some examples (Tolstoy & Axelsson, 2012). One issue that has gained a lot of attention in recent years is Corporate Social Responsibility (CSR). CSR is not a new concept but due to globalization and the growing awareness among people the demand for sustainable products are increasing. CSR and Sustainability are therefore becoming more and more important in the purchasing process. Some industries, e.g. the textile industry have reached far in their work with CSR and Sustainability issues. In the construction industry on the other hand, this is a relatively new concern. This study will investigate the importance of CSR and Sustainability in the context of international purchasing. The findings will then be applied on the case of the construction industry.

1.2 Problem description

It's a balancing act for companies to combine incentives for international purchasing with the risks and challenges that exist in the field. CSR and Sustainability are becoming increasingly important in society today and these issues will also affect business operations. The question is how this will influence the work with international purchasing decisions in the construction industry.
1.3 Purpose

The purpose consists of two parts, one general and one specific. The general purpose of this thesis is to investigate the driving forces and challenges connected to international purchasing and to assess the importance of CSR in this context. The specific purpose is to apply the findings on the case of the construction industry.

1.4 Research questions

The following questions will be answered in this thesis:

- What are the main driving forces and challenges for companies conducting international purchasing?
- What factors determine which purchasing markets that are relevant?
- How are companies affected by CSR in their work with international purchasing?
- How could NCC handle driving forces, challenges and CSR in their work with international purchasing?

1.5 Delimitations

International purchasing and CSR will be investigated from a general perspective including different industries, such as construction, textile, mining, and automotive. The delimitation is that only the construction industry will be analysed in more detail. Only the Swedish-Asian market has been studied. CSR and Sustainability are broad concepts and the discussion will be based on the definitions stated in this thesis. The subject of the thesis is international purchasing, and CSR will be studied in this context only.

1.6 Disposition

Chapter 1 – Introduction

This first chapter includes information about the background for the studied topic and a problem description. Furthermore the purpose, research questions and delimitations of the thesis are presented.

Chapter 2 - Method

The second chapter describes the methods that have been used in the thesis and how the work process has been like. This chapter also includes a brief discussion about validity, reliability, and generalizability

Chapter 3 – Company presentation

This chapter aims to give a brief introduction to the case company, NCC. It also includes a short description about NPG, the part of NCC that handle international purchasing.
Chapter 4 – Theory
In this chapter, relevant theory related to international purchasing and Corporate Social Responsibility is presented. The chapter consists of three main areas. The first area includes some background theory regarding offshoring and global sourcing. In the second part, theory related to supply chain management and supplier relationships is presented. Finally, there is a section about Corporate Social Responsibility and Sustainability.

Chapter 5 – Result from Interviews
In this chapter the results from the interviews is presented. The chapter is divided into three sections; Driving forces and challenges related to international purchasing, factors determine relevant purchasing markets and trends within CSR and Sustainability.

Chapter 6 - Discussion
In this chapter, the results from the theoretical study and the interviews will be analyzed. The first part consists of a general discussion regarding global sourcing and CSR. The second part is a more specific discussion about the construction industry and NCC.

Chapter 7 - Conclusion
In this final chapter the research questions will be answered one by one. Suggestions for future research will also be given.
2. Method

This chapter describes the methods that have been used in the thesis and how the work process has been like. This chapter also includes a brief discussion about validity, reliability, and generalizability.

2.1 Collection of data

The first part of the study consisted of collecting and compiling existing theory in the field of international purchasing and CSR. The theoretical study was made in order to create a basis of knowledge on the main concepts. Books, articles and reports were studied to get an overview about the underlying drivers for international purchasing, the importance of Supply Chain Management and the role of CSR in this context. A literature review is a way of compiling existing knowledge and clarifying what knowledge is contributed by the study (Collis & Hussey, 2009).

The second part of the study was an empirical study based on interviews. The purpose with the interviews was to get an idea about the driving forces and challenges connected to international purchasing and how these have changed over time. Furthermore, the purpose was to map the role of CSR in international purchasing decisions. The respondents were representatives from companies in different industries. The respondents were chosen based on their knowledge about international purchasing and CSR in their specific industry or in general.

The results from the literature study and the interviews were compiled and a general analysis of the findings was made. Finally, the specific case of NCC were analysed in the context of international purchasing and CSR.

2.2 Theoretical Study

KTH primo and Google Scholar was used in order to search for relevant articles and books and Google were used to find reports. Theses related to international purchasing and the construction industry have also been used in order to get inspiration and ideas about interesting literature. Examples of search words that have been used are; International purchasing, driving forces for international purchasing, Supply Chain Management, CSR and Sustainability, offshoring, supplier relationships etc. It has been a challenge to determine what theory is relevant for the chosen subject. The different articles, books and reports were read and then compiled in the theoretical chapter.
2.3 Empirical Study

The empirical part of the thesis is based on interviews with representatives from different industries and a specific case study of NCC.

2.3.1 Interview structure and respondents

The respondents were selected based on their knowledge about the studied area. The reason for interviewing respondents from varying industries was to get a broad picture of international purchasing and CSR. Companies from different industries such as automotive, textile, furniture, mining and consultancy were contacted. 15 people were asked to participate in the study and the result was 12 participating persons from eight different companies. Four of the respondents were representatives from NCC. The interviews were semi-structured as it gives some structure to the interviews, which makes it easier to compare different results. Using semi-structured interviews also creates a freedom to dig deeper in specific areas of interest. The questions asked were divided into two main areas; *International purchasing* and *CSR*. The complete interview template can be found in Appendix A.

All of the interviews were booked in advance and the respondents got the interview template a couple of days before the interview. Eight interviews were face-to-face interviews and the remaining four were held via telephone due to practical reasons. All of the face-to-face interviews were conducted in Shanghai, Either at NCC’s office or in the respondent’s office. Each interview lasted between 45-60 minutes. The telephone interviews had the same content as the face-to-face interviews and lasted for the same amount of time. All of the interviews were recorded. After each interview, a short summary was written about each question. All of the interviews were held in Swedish and the citations used in this thesis are thus translated from Swedish to English. The results from the interviews are divided into four areas: driving forces, challenges, factors determine future purchasing markets, CSR and Sustainability. The results are presented in chapter number 5. The respondents that took part in the study are presented in Appendix B.

2.4 Analysis

The results from the interviews and the theoretical findings were used as a basis for the analysis. The analysis is divided into two different parts. First there is a general analysis about the findings and what they imply. The general analysis is followed by a more specific analysis regarding the case of NCC and the construction industry. This part also includes some advice for NCC based on the theoretical and empirical findings.

2.5 Reliability, Validity and Generalizability

For the result of a research to be *reliable*, the results would be the same if the study were repeated (Collis & Hussey, 2009). In this study semi-structured interviews have been used. This interview method could decrease the reliability since the questions asked may not be the same if the study were repeated. In order to prevent this effect an interview template has been used.
To achieve a high *validity*, i.e. that the method actually measures what it should measure, requires well-developed interview questions that cannot be misinterpreted. The interview questions in this study are based on the research questions and theory to assure their relevance. The interview template were sent beforehand to the respondents so that they could go through the questions and ask if it were something they did not understand, Hopefully, the results from the study will be *generalizable* and thus could be applied in other cases. The study is based on interviews with several different industries and therefore the results may also be applicable to industries other than construction.
3. Company presentation

This chapter aims to give a brief introduction to the case company, NCC. It also includes a short description about Nordic Purchasing Group (NPG), the part of NCC that handle international purchasing. The material presented in this section is based on oral information from company representatives and information retrieved from NCC’s website.

3.1 NCC

Nordic Construction Company (NCC) is one of Scandinavia’s leading construction companies; in 2012 they had sales of 57 billion SEK and about 18 000 employees. The company has operations in Scandinavia, Germany, Poland and the Baltic States. NCC was founded in 1988 when Johnson Construction Company (JCC) and Armerad Betong Vägförbättringar (ABV) where merged. In 1991 Nordenstjernan AB joined NCC and today they are the principal owners of NCC. NCCs values include honesty, respect and trust and the daily work in the company shall be permeated by responsibility, focus and simplicity. President and CEO of NCC since 13th of April 2011 is Peter Wågström. NCC Sweden is divided into four different business areas; NCC Construction, NCC Property Development, NCC Roads and NCC Housing. NCC Construction is building houses, offices, industrial premises, roads and other kind of infrastructure. NCC Property Development is developing and selling commercial properties in emerging markets in Scandinavia, Baltics and St Petersburg. NCC Roads is producing aggregated products and asphalt and perform road service and asphalting. NCC Housing is developing and selling permanent housing in the same markets as NCC Property Development. NCC have identified four external trends that will affect the company in the nearest future; Environment and Sustainability, IT and digital medias, generational change and internationalization. Regarding internationalization, the international competition will increase in the Scandinavian construction market. Internationalization provides the opportunity to do good deals in purchasing and to attract workers from other countries. The challenge is that well-trained staff will have a greater labor market (www.ncc.se 2013-03-18).

3.2 NPG

Nordic Purchasing Group (NPG) is a subsidiary company to NCC. The groups purpose is to coordinate purchasing volumes and increase internationalization in order to get more favorable contracts, reduce construction costs and develop purchasing operations. NPG is working with negotiation and signing of purchasing agreements for different assortments such as elevators, stone materials, windows etc. The purchasing offices of NPG are situated in Lithuania, Germany, Poland, Czech republic and China.
4. Theory

In this chapter, relevant theory related to international purchasing and CSR will be presented. This chapter aims to introduce different theories in order to create a background understanding of the studied area. The chapter consists of three main areas. The first area includes some background theory regarding offshoring and global sourcing. In the second part, theory related to supply chain management and supplier relationships is presented. Finally, there is a section about CSR and Sustainability.

4.1 Offshoring

Offshoring is when a company relocates one of their business functions from one country to another; it could for example be movement of manufacturing units to developing countries. Offshoring have increased in recent years due to the integration of world economies and it have been most common in the manufacturing sector. There is usually some confusion regarding the difference between offshoring and outsourcing. Offshoring is a variety of functions that can be performed in other countries while outsourcing is purchasing of a certain service by one firm from another (Tiwary, 2009).

When Michael Porter noticed that earlier theories didn’t explain why certain countries were successful in attracting companies he presented the diamond model in 1990. Porter describes four factors that contribute to a countries competitive advantage; Factor conditions, Demand conditions, Related and Supporting Industries and Firm Strategy, Structure and Rivalry. Factor conditions are referring to the country’s position in factors of production, such as skilled labor and infrastructure. Demand conditions in the domestic market contribute to quality improvements, innovation and growth. For many industries one important factor for growth is the presence of related and supporting industries. One example of this is the IT-cluster Silicon Valley. How companies are structured, managed and the rivalry conditions are also important factors in Porters diamond model, increased competition is for example a driving force to innovation (Porter M. E., 1990).

Even though offshoring is a trend within companies around the world a growing number of American companies have begun moving their manufacturing back to the United States (Booth, 2013). The reasons for this is mainly that wages in the popular offshoring countries such as China and India have increased as well as transportation costs. Countries that still can offer low-cost labor, including Vietnam, Indonesia and the Philippines can’t offer the efficiency and supply-chains as China. Many American companies have realized that they went to far in sending work abroad and companies like Google, Caterpillar and Ford Motor Company are now “reshoring” in order to bring some capacity home. Firms are about to realize the negative effects of distance (Booth, 2013). The case of reshoring can also be found among Swedish companies. Ostnor, a company that manufactures faucets has recently moved their production from China back to Mora in Sweden. The reason for this is mainly to get closer links between the
production and the research and development department. Another reason is that Ostnor have increased their production efficiency in the factory in Mora and therefore it is no longer profitable to have production in countries with lower wages. Similarly, the heat pump manufacturer Thermia in Arvika has moved their production from Poland back to Sweden (Prane, 2013).

4.2 Moving to International Purchasing and Global Sourcing

Companies are striving to get new competitive advantageous and factors such as cost, quality and logistics are more important than ever. Competitive advantageous include any benefits or advantageous that a firm have over it’s competitors and could for example be connected to costs, technical skills, effectiveness etc. The driving force of gaining competitive advantageous have made global sourcing strategies an attractive option (Trent & Monczka, 2002). Global sourcing can be defined as “an advanced approach to sourcing and supply management that involves integrating and coordinating common materials, processes, designs, technologies and suppliers across worldwide buying, design and operating locations.” (Trent & Monczka, 2005, p. 24). According to Kotabe (1998) the ultimate objective of global sourcing strategies for the company is both to exploit it’s own competitive advantageous but also to find the locational advantageous of different countries. Trent & Monczka (2005) also point out that most organizations do not have well-developed global sourcing strategies and that this is not an easy task. There are many things to handle when moving from domestic to international purchasing, longer distances, language and cultural differences, product quality, increased rules and regulations etc. (Tolstoy & Axelsson, 2012). Trent & Monczka (2002) have presented a five level framework that describes the movement from domestic purchasing to integrated global sourcing.

Level I
Companies that belong to the first level of purchasing do not purchase on an international market. They have domestic suppliers that fulfill their requirements. The reasons for not acting on an international market could for example be that they do not have a need for it or not enough knowledge. The companies in this category could of course be using international goods if the domestic suppliers they have are working with international purchasing.

Level II
At this level companies start to direct their focus on international purchasing. This may be due to increased competition or new requirements that cannot be met by domestic suppliers. There could also be sudden events that make companies move from level I to level II. Some possible factors could be inflation, changing currency exchange rates, political events or a declining supply base. The international purchasing at this stage is often limited.
**Level III**

When companies notice that international purchasing results in lower costs and other competitive advantageous they progress to level III. Companies operating at this level have experienced the benefits of international purchasing and are developing strategies for purchasing on a global market since that could result in performance improvements. However, the different purchasing centers are not yet coordinated and each center has its own strategies. At this stage there is commonly a focus on emerging markets in order to push prices.

**Level IV**

The fourth level in the framework represents a higher level of internationalization. Material and service requirements are very well coordinated and the different purchasing centers are more connected. The strategies for international purchasing are well established at this level. To be able to operate at this level there is important to have information systems, well-trained personnel, worldwide communication and a management supporting global sourcing.

**Level V**

There are not many companies operating at the fifth level of the framework. Only companies that have worldwide design, development, production and global capabilities can reach this level. What distinguishes this level from the fourth is that companies are working proactively with integrating and coordinating designs, processes, technologies and suppliers across purchasing centers. The global sourcing strategy at this level is also connected horizontally to other functional groups such as engineering and marketing.
4.2.1 Drivers for Global Sourcing

There are several forces in the marketplace that work as drivers for global sourcing. *Cost/Efficiency* is one important driving force in this context. It is about finding the best mix of resources in order to produce the product or service for the market. The aim is to reduce costs while maintaining quality, which have made low cost country sourcing an attractive alternative. *Resource management* is about adopting a strategy in order to access the best resources to achieve the product and service goals of the company. *Decreasing time to market* is an important factor for many companies today in the battle of getting customers. The resources that are required to speed up the time to market such as capacity, technology and labor can be received by sourcing. *Flexible and scalable options and technology* allows companies to make fast changes depending on the demands from the market. It makes it possible for companies to scale up the production temporary in a busy period. This also makes it possible for companies to experiment with new products without major investments. *Transformation and innovation* is important to companies in order to keep up with competitors and attract customers. This can be achieved in varying ways like; using external resources with different skills, adopting new processes and technology, bringing up ideas by letting internal staff work with external experts etc. (Selig, Lefave, & Bullen, 2010).

*Figure 1. Five level framework for the movement to international purchasing and global sourcing* (Trent & Monczka, 2002).
In 2012 “Sveriges Byggindustrier” presented a report about international purchasing within the construction industry. It contains information from many of the large Swedish construction companies regarding their work with international purchasing. The main driving forces that can be identified in the report is to secure supply chain, lowering costs and ensure competence. Lack of material could cause stops in production that generates large costs. It is therefore important to cooperate with international suppliers in order to widen the supply base and ensure the supply of products and services. One thing that may sound strange is that it is often possible to reduce lead times by using international suppliers. When there is some kind of shortage on the local market the companies save a lot of time by purchasing internationally. Lowering costs is also one of the driving forces for international purchasing. Material costs and wages have risen a lot in recent years and customers are not willing to pay for it. International purchasing has become an important strategy in order to push the prices. However, it is important to include all the costs related to the international purchase and not just focus on the low cost for labor. Costs related to raw material, capital costs, quality controls, transports, services, warehousing, taxes etc. must also be taken into consideration. Secure competence is just as important as securing the supply of products. International supplier can provide products and knowledge that not can be found in the domestic market. This could be useful when working with unique projects that the company has no earlier experience from. Then they can use the international suppliers experience in order to solve unexpected problems (Tolstoy & Axelsson, 2012).

### 4.2.2 Challenges of Global Sourcing

Even though the driving forces for global sourcing may be many, there is a wide range of challenges and problems to deal with as well. A study conducted by Trent and Monczka (2003) show that about one-quarter of the unit cost savings from worldwide purchasing activities “disappear” when the total cost is estimated. This is due to hidden costs associated with longer cycle times and increased administrative and budget costs that arise during the development and execution of a global strategy. Higher levels of global sourcing should lead to cost savings opportunities, however, this process requires the capability to manage issues in terms of cost, time and complexity (Trent & Monczka, 2003). Longer transport distances, increased lead times and uncertainty in supply increase the total logistic cost and the supply risk (Bygballe, Bø, & Grønland, 2012). As stated by Christopher: “The paradox is that supposedly low-cost off-shore sourcing strategies can end up as high-cost supply chain outcomes.” (Christopher, Peck, & Towill, 2006, p. 278) Other risks such as managing different currencies, language barriers and different business practices further increases the complexity compared to domestic sourcing (Trent & Monczka, 2003). It is unwise to go offshore for short, low-volume runs or with designs that need rapid changes and modifications. Under these circumstances the cost advantageous will be destroyed by management, travel and administration time and the expenses required to support relationships with foreign suppliers (Alguire, Frear, & Metcalf, 1994). A global sourcing strategy has many barriers
to overcome in order to be successful. The ability to source globally is a critical competence. To overcome the barriers and take advantage of the benefits with global sourcing requires the right resources and capabilities (Bygballe, Bø, & Grønland, 2012). It is clear that the driving force and the challenges of global sourcing in some cases are directly contradictory. This suggests that depending on how the process of global sourcing is managed; a driver can turn into something negative and vice versa.

Establishing strategic partnerships with suppliers is an important factor in improving the global supply base performance. Handfield & Nichols (2004) are presenting a range of factors that are believed to influence global supply performance. Trust, information sharing, open communication and personal relationship are included. Suppliers have an important role regarding e.g. product and process improvements and technical development. The input from suppliers has a significant impact on the process of cutting lead times and creates more efficient supply chains (Bygballe, Bø, & Grønland, 2012). Lamming is in the book “Beyond partnership Strategies for innovation and lean supply” describing the transformation of buyer-supplier relationship that has been taken place within the automotive industry. He describes how a strategy based on finding the cheapest alternative in every sourcing decision has been replaced by partnership thinking. Information from 1988 regarding number of suppliers used by different automotive companies reveal that Toyota has been at the forefront of developing supplier relationships. At that time, Toyota had 340 direct suppliers and built 3 968 697 vehicles while GM had 2500 suppliers and built 5 876 013 vehicles (Lamming, 1993, p. 172). Newer sources show that Toyota has maintained this strategy. When they opened a new truck plant in 2006 they established on-site offices for their suppliers. This was intended to integrate the suppliers in the manufacturing process and lower transportation and operating cost (Lamb, Hair, & McDaniel, 2009).
4.3 Supply Chain and Supplier Relationships

Supply Chain Management (SCM) is becoming increasingly strategic important for companies today due to global competition, outsourcing of activities to developing countries, short product life cycle and time compression in the supply chain (Andersen & Skjoett-Larsen, 2009). A common definition of SCM is the following: "Supply chain management is the integration of business processes from end user through original suppliers that provides products, services and information that add value for customers and other stakeholders." (Skjott-Larsen, Schary, Mikkola, & Kotzab, 2007, p. 20). According to Christopher (2005) we are now entering a new era of “supply chain competition”. Organizations can no longer stand-alone and act like independent units. Supply chains must be constructed to handle fast changing markets. Companies compete through their capabilities and competences, which means that they must handle their core processes better than their competitors. This could for example include product development, supplier development, and customer management and order fulfilment. As we are moving towards supply chain competition there are some principles that could be used as guidance. This is a competitive framework named the four Rs and consists of reliability, responsiveness, resilience and relationship.

Reliability

On of the main reasons for unreliability in the supply chain process is performance variability (Waters, 2010). Companies can be uncertain about future demand, supplier’s ability to deliver, quality of products etc. In order to improve reliability more focus must be placed on process design. One of the benefits by using a process view is that simplifications could be made and non-value activities could be eliminated (Waters, 2010). Enhanced pipeline visibility is one thing that could increase reliability. It is often a limited visibility of downstream demand and by opening up the pipeline and make a clear end-to-end visibility the reliability will increase (Martin, 2005).

Responsiveness

It has become increasingly important today to be able to fast respond to customer’s demands. Customers require short lead times and flexible solutions. In order to achieve this, the key word is agility. It is about the ability to meet customer’s demands faster. In a fast changing market environment agility is more important than long-term planning. Companies must me more demand driven than forecast driven in the future and the way of reaching there is through agility (Martin, 2005).

Resilience

Resilience is the supply chains ability to cope with unexpected disturbances (Martin, 2005). The supply chains of today are more complex and vulnerable than before. This is due to offshoring and the increasingly global nature of supply chains (Waters, 2010). The tendencies are that the hunt for low cost alternatives has made the supply chains leaner but also more vulnerable. The most important characteristic of a resilience
supply chain is the business wide recognition of where the supply chain is most vulnerable. It could for example be reliance on a single supplier or bottlenecks that are the most critical nodes (Martin, 2005). The supply chain must be able to function even during unexpected disruptions. Therefore it is important to continuously identifying and mitigating potential risks in the supply chain.

**Relationship**

As mentioned earlier, organizations are facing increased competitive challenges. In order to maintain competitive companies must be faster to market, reduce costs and provide higher quality products. The three critical components in the supply chain are information flows, product flows and relationship management. According to (Handfield R. B., 1999) Relationship management is the most fragile and tenuous of these. This is due to the importance of trust and confidence between the parties in the supply chain. According to Andersen and Skjoett-Larsen (2009) “The capability to establish close and long-term relationships with suppliers and other strategic partners has become a crucial factor in creating competitive advantage”. (p. 75) Companies are to a greater extent understanding the advantageous that could be gained by mutually beneficial, long-term relationships with suppliers (Martin, 2005). The benefits of this approach could include improved quality, reduced costs, innovation sharing and integrated scheduling of production and deliveries (Waters, 2010). Developing and maintaining the partners trust is a key factor in managing the relationship (Johnston, McCutcheon, Stuart, & Kerwood, 2004). Supply chain management is by definition about managing relationships across networks of companies. The Supply chains that become successful are the ones based on mutuality and trust (Martin, 2005).
4.4 Corporate Social Responsibility and Sustainability

The importance of social and environmental issues has increased in the world today and these questions have become increasingly important for companies since it is an aspect of competition (Björklund, 2010). Corporate Social Responsibility (CSR) is about companies’ social responsibility within society. According to (Carroll, 1999) the evolution of the CSR construct begun in the 1950s, however, CSR have transformed due to internationalization. CSR is no longer the individual company’s matter; it covers the whole supply-chain, which means that companies have the responsibility for CSR questions of their global trading partners as well (Andersen & Skjoett-Larsen, 2009). Even though CSR is a well-known concept there is no general consensus on the meaning of CSR in practice. (Andersen & Skjoett-Larsen, 2009) A commonly used definition of CSR is the one stated by the Commision of the European Communities in 2001: CSR is a “concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (Dahlsrud, 2008, s. 7). Another common definition of CSR, and the one used in this thesis, is “The triple bottom line” presented by John Elkington in the middle of the 1990’s. The triple bottom line is a framework that combines three dimensions; social (people), environmental (planet) and economic (profit). The basic idea behind the triple bottom line is to find Sustainability by balancing people, planet and profit (see Figure 2) (Slaper & Hall, 2011). In recent years it has become more common to talk about “Sustainability” rather than CSR. CSR and Sustainability may have different definitions, however, these concepts are similar and both of them will be referred to in this thesis. People, Planet and Profit are an approach connected more to business and it demands seeing the bigger picture of why and how companies work (Fisk, 2010). The People dimension could include many various aspects. Human rights and fair working conditions are examples of issues included here. The Planet dimension is about taking responsibility for preserving the environment and the earth’s resources as far as possible. The Profit perspective is not only the profit for the specific company; it is the profit for the society. How the society’s human and natural resources are used to create welfare (Henriques & Richardson, 2004).
4.4.1 CSR as a competitive advantage

Using CSR as a strategy has become increasingly important for business today. Werther & Chandler, 2006 have identified four different trends that explain this. Increasing affluence makes it possible for customers to choose which kinds of products they buy. Customers want to buy products they trust and increasing affluence worldwide will make CSR more important. Changing Social Expectations is also a trend that could be identified. Customers in developed societies expect more from the companies and this have gained importance due to corporate scandals in the 21st century. Globalization and Free Flow of Information makes it more difficult for companies to get away with not engaging in these questions. Global media have a lot of power and CSR lapses are rapidly reported to the public. Finally, Ecological Sustainability is a very urgent matter in the world today and facts are proving that the earth has ecological limits. Companies that do not consider their affect on the environment will probably not last long.

Porter and Kramer (2006) state that CSR can contribute to innovation, opportunity and competitive advantage. They mean that companies must find the CSR activities that add value to their company; if they focus on non-value activities it may be a strategic disadvantage because the resources could be used in better ways. “The essential test that should guide CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value—that is, a meaningful benefit for society that is also valuable to the business” (Porter & Kramer, 2006, s. 84). It is not possible for any company to solve all the existing problems in society; different companies must find the specific issues that intersect with their business. Since competitive advantage is one of
the main reasons for international purchasing it is interesting to investigate how CSR affect companies in their work with international purchasing.

CSR in the purchasing process have been proved to have a positive impact on the supplier performance. Lead times, quality, flexibility and efficiency are examples of things that have been directly improved. Factors that are affected indirect are e.g. supplier relationship and trust. The purchasing function in a company have the possibility to transfer their CSR standards to suppliers and by that create a chain effect causing environmental and social change throughout the supply chain. The integration of CSR in the purchasing process is often called purchasing social responsibility (PSR) (Björklund, 2010). Maignan et al (2002) defines PSR as “the inclusion in purchasing decisions of the social issues advocated by organizational stakeholders”. PSR include many different issues including environment, labor, human rights, health and employee training. According to a survey conducted by Carter and Jennings (2002) higher levels of PSR directly lead to improved supplier performance. This suggests that PSR is more than just a marketing tool for companies. It could actually improve suppliers, efficiency and quality (Carter & Jennings, 2002).
5. Result from Interviews

In this chapter the results from the interviews will be presented. Driving forces and challenges related to international purchasing, factors determine relevant purchasing markets and trends within CSR and Sustainability will be presented.

5.1 Driving Forces for International Purchasing

Many different driving forces can be identified from the interviews with the companies. Costs, quality, efficiency, Sustainability aspects, increase competition in the domestic market and cut lead times are some examples. It also seems as the importance of them have been shifting over time. All of the respondents mentioned cost as one of the main driving forces for international purchasing.

“Construction projects are expensive in Sweden and it’s really hard to increase revenues. The alternative is to cut costs.”
Fredrik Ståhl, NCC

The total cost include unit price, packaging, transportation, taxes, inflation, customs, insurance etc. Even though cost still is the main reason for international purchasing some of the respondents mean that the focus on costs has been reduced.

“Earlier the focus was price, price, price. Now there is a clear agenda regarding other factors as well, such as quality and Sustainability”
Anna Palmqvist, H&M

All of the respondents agree that the importance of CSR and Sustainability have increased in recent years and will continue to do so. However, the answers are a bit conflicting regarding how much these questions really work as a driving force or not. Some of the respondents mean that CSR could be viewed as a driving force since companies get more control over the supply chain when purchasing directly from the supplier instead of using a retailer. On the other hand, one of the respondents think that companies uses CSR and Sustainability arguments as a part of their marketing strategy but under the surface it’s all about cost.

Quality also seems to be an important factor for international purchasing decisions. In the Chinese market it is possible to get all products in all possible qualities. Some of the respondents mean that you get better quality for less money while others don’t highlight quality as a driving force.

“It’s not only about reducing the price, you could get a better product for the same amount of money”
Sofia Edoff, NCC
Regarding the possibility to cut lead times the respondents have different views. Most of the respondents think that the lead times commonly are longer due to the time for transportation. But as a few point out, the capacity is sometimes higher in Asia and when the domestic suppliers are fully occupied the lead times could be shortened. International purchasing and the search for new potential markets is also a way of working with reducing risk. When establishing new and stabile purchasing markets companies are less vulnerable if another market will fall.

Increased competition and efficiency among suppliers is also factors mentioned in the interviews. Competition is believed to increase quality and makes the suppliers more innovative. International purchasing is in a long-term perspective a way to make the purchasing process more effective by putting pressure on suppliers and finding second sources for products.

“If the suppliers now and then get the opportunity to go home and sharpen the pen and come back with new offerings, that will trig their own efficiency and development”
Anders Lundgren, LKAB

In summary, the driving forces for conducting international purchasing are many and varying between industries e.g. labor intensive industries seems to be more focused on wage levels. Overall it’s about lowering costs and get access to new markets. This is a way for the companies to streamline purchasing processes in a long-term perspective.
5.2 Challenges related to International Purchasing

Like the driving forces, there are also a lot of challenges to deal with connected to international purchasing. Language barriers, cultural differences, transforming norms and standards, trade barriers, finding the best suppliers, internal resistance, CSR issues and logistics are examples of the most frequently mentioned challenges.

It is not possible to make business with Asia by phone or email; you have to be there. This is of course due to practical reasons but partly also cultural aspects. The language barrier seems to be one of the largest challenges; some of the respondents describe situations when misunderstandings have led to stop of production only days before production start or deliveries of wrong products. It is very important to have clear and detailed specifications of what you want. When products do not live up to the requirements it’s commonly due to communication problems rather than supplier problems.

"I hate when people say cultural differences, it definitely is a factor to consider but I would not say that it is one of the most important challenges. However, the language barrier is a big problem"

Johan Leijonhielm, Asia perspective

The problem with culture and language could according to the respondents be handled by using local personnel. But finding the right people and create a good team is a challenge in itself. Since the kickback culture is widespread in China it is very important to ensure that you can trust the people you work with, both internal staff and suppliers. To find the right suppliers and create a long-term relationship takes time and is challenging. NCC and LKAB have zero tolerance regarding personal gifts and all the gifts given to the companies are being registered. This is a way of creating transparency.

Logistics is also a challenge that many of the respondents highlight. The transportation of a container from Asia to Sweden takes about 30-40 days by boat. When purchasing goods that have to arrive at a specific time this is one of the most crucial challenges. It may not be possible to store the goods if they arrive too early and if they arrive too late it will cause costly stops in the production.

“The products are on the sea for a long time, so the logistics chain and the entire supply chain aspect is also a challenge. It is not impossible, it is not super hard but you have to be awake and aware to manage the entire logistics chain in a good way”

Anders Lundgren, LKAB

There are a lot of norms and standards in the Swedish market that must be translated to the standards in the countries where the products are purchased. This is one of the big challenges for the construction industry. The process of translating the Swedish norms
and standards is a demanding process that requires a lot of knowledge and experience. The gain is that you really know what you get.

Trade barriers are popping up now and then and this is of course a challenge that must be handled. These barriers are hard to predict but it forces companies to always be prepared for alternative strategies.

“We continuously see how new trade barriers arise in Europe, and China hits back with the same coin”
Anders Bäckström, Current Consulting

Internal resistance is something mentioned by some of the respondents. The biggest problem may not be to actually perform the international purchase but rather to convince the organization that this is the right way to go. The attitude among people seems to be that it is convenient to buy from the suppliers that always have been used and that it is unnecessary to jeopardize already stable relationships with suppliers.

“If the purchasing department think that we should expose secure suppliers for competition because it could increase efficiency it will be a lot of queries from the own ranks.”
Anders Lundgren, LKAB

CSR and Sustainability issues are of course also challenging in many ways. The respondent’s views on this will be presented in section 5.4.
5.3 Factors determine relevant purchasing markets

The decision to enter a new purchasing market is commonly based on the driving forces and challenges described above. Looking at this from an historical context the respondents agree that cost has been one of the most important factors for relocation. This also seems to be a crucial factor today when looking at potential future markets. Cost combined with factors such as stability in the country, technical capability and effectiveness is consistently important factors.

Historically, a reason for relocation could be to get access to unique products that only existed in certain markets. However, the search for specific products does not initiate shifts of purchasing markets anymore. It is about finding markets with the right conditions to produce the products, typically a market with a beneficial cost picture that have access to raw material and a skilled work force. H&M is a constantly growing company that must find new purchasing markets as they expand. In their work with identifying new markets they look at different alternatives and evaluate countries ability to produce the products they want. This evaluation includes contact with both suppliers and authorities.

Trade barriers, such as duties and taxes could also be a factor for companies moving to other markets. One example of this is the punitive tariffs on solar cells imported from China.

"Trade barriers and government subsidies have had very great importance, e.g. there was a period when many went to South Africa. It was not just because it was cheap in South Africa. Would you sell cars there they had to be local produced because of the high import duties."
Claes Lindroth, Finnveden

All of the respondents think that the importance of CSR and Sustainability have increased and that it will become even more important factors in future decisions of purchasing markets. This will be discussed in the following section.
5.4 Corporate Social Responsibility and Sustainability

All of the interviewed companies agree that CSR and Sustainability are becoming increasingly important in business today. Due to globalization and the usage of social network etc. people is getting more aware and interested in these questions. Many of the respondents say that they have noticed a greater demand for sustainable products and that new regulations and requirements is constantly popping up. The view of CSR and Sustainability is about to change from a way of controlling suppliers to more and more becoming a business strategy.

“Sustainability and CSR is less viewed as a way to assure the quality of suppliers and more as a way to work strategically towards a sustainable business model”
Jonah Wigerhall, H&M

The respondents agree that companies can’t afford not engaging in these questions. The consequences of a factory burning down, strikes are breaking out now and then or people getting poisoned due to toxic emissions could be devastating for a company. The risk of not engaging is in many cases higher than the cost of doing it.

“We can not stop living on earth, but we must create a better world for all in the best possible way. It is in our responsibility to find what we can do to create a better world with the business we conduct.”
Anders Lundgren, LKAB

There are of course some challenges connected to CSR and Sustainability. One thing that many respondents mention is how to define CSR or Sustainability. These concepts have different definitions depending on whom you ask and this makes it confusing when implementing it as a strategy.

“If we can not define ourselves what CSR is, how can we get our employees to understand what CSR is? How can we get our employees to go to our suppliers and talk about what CSR is? It’s very difficult.”
Thomas Olsson, NCC

There are conflicting ideas about how to solve the definition problems. Some of the respondent’s think that each company should make their own definition of CSR and decide what is important for them. Others think that the best way would be to create some sort of standards for all companies to follow in every industry.

Another aspect is how far the companies should go in the work with CSR? Is it possible to control the whole supply chain? The respondents think that this is a very tricky question. H&M have conducted pilot projects where they have investigated the whole supply chain, from the cotton field and cheap farm to finished products. This has turned
out to be a problematic process. To get the best quality of garments there is often a mixture of cotton from suppliers in different countries. This makes it hard to have full traceability on every single product.

The knowledge and experience of CSR among the suppliers is varying according to the respondents. Many suppliers have a code of conduct but it is sometimes hard to know if it’s only for show or if they actually follow it. If you ask a person working in the factory about the code of conduct they commonly don’t know what it is. This is of course a problem when evaluating suppliers. One of the respondents says that they have to think the unthinkable. The obvious things when visiting a factory, such as the workers having safety equipment etc. Is not the problem. It’s the things you can’t immediately see that is problematic.

All the respondents agree that CSR and Sustainability definitely will become more central in future decisions of purchasing markets. However, this does not have to mean that some markets will be deselected. H&M says that it could be an opportunity to go into a new, undeveloped market in order to build up something good from scratch. The decisions are rather made on a supplier level than a market level and suppliers that don’t live up to the increasingly stringent CSR and Sustainability requirements will be deselected.
6. Discussion

In this chapter, the results from the theoretical study and the interviews will be analyzed. The first part consists of a general discussion regarding global sourcing and CSR. The second part is a more specific discussion about the construction industry and NCC.

6.1 General discussion

There are numerous of driving forces and challenges connected to international purchasing. The main driving force is to cut costs. However, the total focus on costs is about to be reduced. A new dimension is becoming increasingly important, CSR and Sustainability. CSR and Sustainability have been two key concepts in this thesis. These concepts could be regarded both as driving forces and challenges in the context of international purchasing. Porter and Kramer (2006) are stating that CSR could contribute to competitive advantageous and Trent and Monczka (2002) are saying the same thing about global sourcing. But there are many challenges connected to both global sourcing and CSR.

Taking advantage of the positive aspects of global sourcing is a demanding task. Cost savings, speeding up time to market and access to flexible solutions is according to the literature drivers for global sourcing. However, these are also the critical aspects of global sourcing and the expected positive outcomes could turn out to be the opposite. “The paradox is that supposedly low-cost off-shore sourcing strategies can end up as high-cost supply chain outcomes.” (Christopher, Peck, & Towill, A taxonomy for selecting global supply chain strategies, 2006, s. 278)

This citation illustrates the complexity of global sourcing. As mentioned in the theory section, there could be many hidden costs related to global sourcing that must be taken into consideration. Coordinating shipments from far-off suppliers require the ability to manage diverse cultural, legal and regulatory environments. (Christopher, Peck, & Towill, A taxonomy for selecting global supply chain strategies, 2006) The positive aspects of global sourcing, such as flexible solutions, cost reductions and improved quality seems to be effects that could be gained rather by establishing supplier relationships than global sourcing itself.

There are previous studies pointing out the growing strategic importance of CSR and Sustainability (Porter & Kramer, 2006) (Björklund, 2010). The results from the interviews also confirm that these issues are becoming increasingly important within organizations. Not just because they have to engage in these questions due to requirements from stakeholders but also because it could contribute to a better business case. A shift can be identified in the area of CSR and Sustainability regarding the usage of these concepts. This is also connected to the transformation of supply chain management. There has been, and still are in many industries, a strong focus on controlling suppliers. What is about to happen now is a movement towards creating sustainable supply chains. If companies work with suppliers that violate human rights
or not use natural resources in a responsible way, the companies own business model will not be sustainable either. Among the interviewed companies this movement is mainly noticed in the textile industry. The different industries have reached very different levels in their work with CSR and Sustainability. In the textile industry, CSR and Sustainability have been focus areas for a long time compared with e.g. the construction industry.

According to Andersen & Skjoett-Larsen (2009) there is no general consensus regarding the practical meaning of CSR even though it is a well-known concept. The results from the interviews point out this as a problem. It is not easy to successfully integrate CSR in the supply chain if you can’t mediate it’s meaning. Porter & Kramer (2006) mean that each company must find the specific CSR activities that add value to their company in order to gain competitive advantage. The answers from the respondents are not consistent in this matter. Some of the respondents agree with the theory and mean that every company must define what CSR mean for them and work with the issues they think is most important. Other respondents think that it would be better to work out a general standard for everyone to follow. This is a tricky question and it is directly related to the next problem, how far should you go? Is it enough to only go to the supplier one step back in the supply chain or should you go even further? This question probably don’t have a clear answer. If you only are responsible for the suppliers you buy directly from, the relevant CSR issues may be of one kind. If you go to your suppliers subcontractors, new important issues may arise and the relevant issues become too much to handle.

In the work with international purchasing, companies are mainly affected by CSR on a supplier level. Specific markets not tend to be deselected due to CSR issues. The relevant factors on a market level are mainly cost level in the country, infrastructure and access to raw material and skilled labour. On the supplier level, factors such as quality, efficiency and CSR are added. All of the interviewed companies have basic requirements that the suppliers must fulfil. If they have deficiencies regarding the basic requirements they will be deselected. If the requirements are fulfilled, it is possible to work together with the supplier in order to improve e.g. CSR and quality.

Supplier relationships have been identified as central for international purchasing. It could according to Waters (2010) contribute to benefits such as reduced costs and improved quality. According to the respondents, it takes a lot of time to find and establish relations with suppliers. This is one of the challenges connected to international purchasing. Establishing relationships could also be beneficial in the work with CSR. It creates an opportunity to transfer the CSR standards to suppliers and by that creating a chain effect for environmental and social change (Björklund, 2010). H&M have a specific Supplier Management System (SRM)-system with the purpose to build long-term relationships with the best suppliers. The suppliers are divided into three different categories; silver, gold and platinum. Which category a supplier is placed in is
based on the suppliers grading’s in different areas. Example of areas included in the assessment is Sustainability, quality, price and lead-times. The suppliers that reaches the highest level will be guaranteed do deliver certain amounts of orders and H&M establish a long-term plan together with the supplier.

Two shifts could be identified. The first one is the shift regarding international purchasing and the movement from the short term cost perspective to a long-term Sustainability perspective. The other shift is within the area of CSR and includes the movement from controlling suppliers to adapting CSR and sustainable strategies throughout the supply chain.

6.2 The Case for NCC

The specific case of NCC will now be applied in the context of CSR and international purchasing. As mentioned earlier, CSR and Sustainability issues are relatively new concerns in the construction industry. NCC work a lot with the environmental perspective of CSR and the focus is to construct energy efficient buildings and reduce their carbon footprint. Regarding their CSR work connected to international purchasing, it is a lot about controlling suppliers.

In this study, the construction industry have been investigated in comparison to a number of different industries, one of those is the textile industry. The textile industry has reached far in their work with CSR and international purchasing and could be viewed as a model for other industries to follow. However, their strategies may not be directly transferable to the construction industry due to several reasons.

The textile industry could be regarded as a non-complex industry that is very labor intensive. This will of course affect the decisions of where to put the production of garments. Cost in combination with quality has turned out to be important factors in this decision. Since the textile industry is labor intensive, the production of simple products is often put in countries where the wage levels are low and this is often in undeveloped countries. But not even textile products could entirely be produced in these regions; the more complex products such as blazers and jackets are mainly produced in China while basic T-shirts are produced in e.g. Bangladesh. If NCC wants to buy simple, labor-intensive products, this could be a strategy. But since many construction-products are more complex and the requirements are high regarding quality and standards this may not be the best alternative. This is also related to the discussion about CSR, if you are acting on an undeveloped market the CSR issues may require deeper attention and thus more resources.

Another big difference between NCC and H&M is that H&M are selling products in their own stores directly to the end customer. The textile industry have for a long time been closely watched in their work with CSR issues. The reason for this is probably that
clothes are something that we easily take to heart; it is a part of our identity. Customers do not want to buy a sweater that has been sewed by a child. In the construction industry on the other hand, the situation is a bit different. The products that are delivered by NCC are large construction projects, not comparable with sweaters. The concerns when purchasing an apartment are probably not where and how it’s components have been produced. One customer may be willing to pay for a “sustainable apartment” while others is not. It could therefore be harder to find incentives for NCC to extend the work with CSR from controlling suppliers to an integrated business strategy. As mentioned in the chapter about offshoring, “reshoring” of production units from low-cost countries is increasing. One example is the Swedish company Ostnor that have moved their production from China back to Sweden. However, there is a major difference between a construction company like NCC and a manufacturing company like Ostnor. Ostnor are producing and selling faucets and their decision is about where to produce this specific product. NCC, on the other hand, is producing large construction projects and is purchasing the components for the projects. It is not a decision about where to produce the projects but from where to purchase the components. Purchasing from markets closer to home could of course be beneficial due to shorter distances and all that entails. But using resellers in Sweden could for example be worse from a CSR perspective as some control over the supply chain is lost. This is as mentioned earlier, a balancing act between the driving forces and risks connected to international purchasing.

Based on the interviews it is not possible to say what constitutes a good purchasing market. It depends on the type of industry and what the requirements are. The respondents mention countries such as Vietnam, Philippines, Russia and Myanmar. Which markets that are relevant are of course dependent on what types of products NCC want to purchase and the cost-level and stability in the countries. Resources and technical capabilities vary between countries, which make some better in producing certain products than others. NCC must find a balance between the most important parameters; Cost, Quality and CSR. As it turned out, the importance of CSR is growing and NCC must include this factor when investigating their options. H&M is a much larger company than NCC and they have more resources to invest in CSR and Sustainability. This makes it possible for H&M to enter new markets and train suppliers to become successful within these areas. NCC does not have the same resources and therefore more established markets might be better alternatives for them. Even though it is cheaper to purchase the products from a certain market the risks may be too many. It could for example be risks connected to quality and delivery of the products or CSR risks. Based on the theory and empirical findings, the best alternative for NCC may not be to hunt for markets with the lowest costs. China is a country where everything can be purchased to any quality you like. Even though the cost-level is going up in China, it is still much cheaper than Europe. To enter new markets is costly, both in money and time. It takes a long time to find trustworthy suppliers and establishing relationships to them. The question NCC must ask is: is it worth it? NCC is a small actor on the market and they
have a limited amount of resources. Is it worth to spend a lot of time and money in order to maybe do 10% of their purchases from a new market? An alternative could be to focus more on developing their relationships with existing suppliers. That could be beneficial both from a cost perspective but also a way of increasing quality and CSR standards. Based on the literature, and examples such as H&M and Toyota, creating long-term supplier relationships and build up mutual trust seems to be a factor for success.
7. Conclusion

In this final chapter the research questions will be answered one by one. Suggestions for future research will also be given.

What are the main driving forces and challenges for companies conducting international purchasing?
The main driving forces for conducting international purchasing are; cost, quality, efficiency, increase competition in the domestic market and cut lead times. CSR and Sustainability can also be regarded as driving forces since purchasing directly from suppliers instead of using a reseller could create control over the supply chain. There is a shift going on regarding the driving forces for international purchasing. Previously, cost focus has been absolute dominant. Now it is replaced more and more by other factors such as quality and CSR. The challenges connected to international purchasing are; Language barriers, cultural differences, transforming norms and standards, trade barriers, finding the best suppliers, internal resistance, CSR and Sustainability issues and logistics.

What factors determine which purchasing markets that are relevant?
The factors determine relevant purchasing markets are varying depending on industry. In general the most important factors are; cost-level, capability to produce the required products, infrastructure and stability on the market. CSR and Sustainability issues are getting increasingly important and will affect these decisions even more in the future.

How are companies affected by CSR in their work with international purchasing?
The importance of CSR is growing and it definitely affects companies in their work with international purchasing. Especially, It affects how they work with suppliers. CSR have made it increasingly important to work more together with the suppliers and by that increase the suppliers' knowledge about these issues. Strengthen supplier relationships could also have positive effects on cost, quality and efficiency. Companies are of course also affected by the challenges connected to CSR, such as the definition and "how far should you go" problem.

How could NCC handle driving forces, challenges and CSR in their work with international purchasing?
NCC must find a balance between driving forces, challenges and CSR. Based on their own capacity and their customer's requirements they need to prioritize. It is not possible to get everything, low price, high quality and full traceability throughout the supply chain is a tough equation to solve. The advice for NCC, based on the findings, is to focus on developing supplier relationships. Cases from other industries, such as H&M and Toyota show that this could be the right way to go.
7.1 Future Research
This thesis is written from a general perspective where the construction industry has been studied as a specific case. Now, when it is clear that CSR and Sustainability are becoming increasingly important, it would be interesting to look deeper into these issues in the construction industry. There are many different perspectives that could be investigated. The customer perspective of CSR and Sustainability would be interesting to study since the customer's perception of a sustainable construction project and their willingness to pay for sustainable solutions are highly relevant issues for the construction companies. It would also be interesting to compare Swedish and foreign construction companies in order to learn from how other, similar companies deal with these issues.

Supplier relationships have turned out to be an important factor in international purchasing and CSR and this could also be an area for future research. To compare different industries success in CSR work in relation to how they work with supplier relationships could be interesting to look at.

International purchasing in the construction industry could also be furthered studied. It could for example be interesting to conduct a comparative study where different aspects such as; total cost, quality and traceability between a selected number of products purchased from different markets are compared. It could give an indication of future potential markets for purchasing.
Bibliography


Appendix A – Interview template

International Purchasing

• How do you work with international purchasing (scope, strategies, organization, etc.)?

• What do you purchase and from which markets do you purchase it?

• How do you work with identifying potential new purchasing markets?

• What are the driving forces for conducting international purchasing? (lowering costs, unique products, short lead times, quality, etc.)

• Have those driving forces changed over time?

• What are the biggest challenges of international purchasing and how do you handle these?

• In an historical context, What factors have been crucial for shifting purchasing markets?

• Have there been any factors added over the years or a change of existing factors influencing these shifts?

• Can you see any change in the existing factors or any other elements that you think will affect these shifts in the future?

• Which market do you think will be the next big sourcing market?

CSR

• Do you work with CSR in the business? if yes, how?

• How does CSR affect international purchasing and the shifts of purchasing markets?

• Do you feel that the importance / impact of CSR is increasing?
### Appendix B – Interview respondents

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