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Osama Meqdadi
Rennes School of Business, Rennes, France

Thomas E. Johnsen
Audencia Business School, Nantes, France, and

Mark Pagell
School of Business, University College Dublin, Dublin, Ireland

Relationship configurations for procuring from social enterprises

ABSTRACT

Purpose: This paper explores how the procurement function initiates and develops relationships with social enterprises that are intended to induce social impact in the supply networks of for-profit firms.

Design/methodology/approach: The paper utilises an in-depth case study involving a focal company, first-tier supplier, nongovernmental organisation and four social enterprises.

Findings: Tension mitigation that arises between social and commercial logics occurs via individual relationships through building trust, dependency manipulation, monitoring and supplier development activities. Deeper insights are revealed when triadic relationships are viewed within a quadratic relationship configuration that enables better capturing the essence of supply networks.

Research limitations/implications: The paper is based on a single case study, limiting empirical generalisability. Future research could consider multiple case studies to reveal different types of relationship configurations that induce social impact in supply networks.

Practical implications: Societal goals can be met while maintaining supply network economic performance if procurement involves a trusted third party such as a nongovernmental organisation and helps to develop social enterprises as suppliers.

Originality/value: The paper contributes to the sustainable supply chain management literature by reporting on a novel procurement approach for enhancing social sustainability through cooperation with social enterprises. The paper also contributes to supply network theory by demonstrating how exploring quadratic relationships can reveal novel relationship configurations within supply networks.

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Paper type: Research paper

INTRODUCTION

The procurement function plays a critical role in operationalising social sustainability within companies and across supply networks (Carter and Jennings, 2004; Schneider and Wallenburg, 2012). Procurement’s role is accentuated when companies consider how to create benefits and value within the societies and communities where they operate (Davis, 1973; Ehr Gott *et al.*, 2011). Procurement may have to cooperate with a range of non-traditional supply network stakeholders, such as social enterprises to attain these objectives. Having emerged as hybrid organisations that operate between the economic and social value poles (Crane *et al.*, 2014), social enterprises deploy innovative approaches to engage in business activities and fulfil

societal needs, such as alleviating poverty and improving the lives of disadvantaged people (Kroeger and Weber, 2014). With this dual role of achieving both economic and social objectives, social enterprises are important actors for economic growth and social problem mitigation (Auerswald, 2009) and have gained importance as new supply network stakeholders assisting companies in improving their social sustainability performance (Pullman *et al.*, 2018).

Relationship initiation and development with new unknown suppliers is always challenging. As social enterprises are not traditional supply network actors, the procurement function will likely face new challenges when initiating and developing relationships with social enterprises because of the need to achieve both social impact and economic performance. This creates a potential tension between social and commercial logics, which is an inherent feature in social enterprises as they often operate under financial and human resource constraints (Doherty *et al.*, 2014) that may limit their ability to achieve social and economic goals. Resolving this tension when initiating and developing relationships with social enterprises is crucial for the procurement function to attain social impact on a long-term basis.

We set out to investigate how procurement initiates and develops relationships with social enterprises for the sake of inducing social impact, because little is known about these processes. We secured access to an in-depth case study that focuses on procurement within a healthcare company in the United Kingdom (called here HCUK), which launched a social procurement initiative at the end of 2015. HCUK approaches sustainability in an instrumental fashion, like most large companies presently (e.g. Montabon *et al.*, 2016). Hence, while purchasing from social enterprises is still a novel activity, HCUK's procurement function approaches sustainability in a fashion that is similar to most other large firms. HCUK's procurement function wanted to enhance social sustainability in its supply network through procuring services from social enterprises that, in turn, utilise the revenues generated from dealing with HCUK to help disadvantaged people without incurring any additional costs.

We initially adopted the Industrial Marketing and Purchasing (IMP) interaction approach (Håkansson and Snehota, 1995) to investigate procurement-social enterprise relationships initiation and development. However, once we embarked on the case study, we realized the limitations of the IMP perspective because the pertinent relationships were not the procurement-social enterprises dyad, but rather the inter-connected triadic and what we call *quadratic* relationships. Although the IMP interaction approach includes networks, the nature of quadratic relationship configurations does not feature in the *industrial* network focus on IMP. Therefore, we shifted the theoretical lens to supply network theory (Choi and Wu, 2009) and specified the research question as:

How does procurement initiate and develop relationships with social enterprises for the sake of inducing social impact in supply networks?

Our contribution is twofold. First, we contribute to the existing literature on sustainable supply chain management (SSCM) by providing rich insights on an innovative procurement approach for improving social sustainability in supply networks through cooperation with social enterprises. Second, we provide better understanding of new relationship configurations for social enterprise relationships and the tensions that arise as a cause of conflict between attaining the social and economic logics simultaneously.

The remainder of the paper is structured as follows: the next section provides a theoretical discussion on social procurement, social impact through social enterprises and customer–supplier relationship initiation and development. This is followed by an explanation of the research methodology, then the findings and analysis of our in-depth case study. The paper ends with a discussion of the findings and conclusions that identify theoretical and managerial contributions of the paper, as well as suggestions for future research.

LITERATURE REVIEW

Social Procurement Through Social Enterprises

Researchers have suggested that companies need to take a proactive role in benefitting the societies where they operate (Davis, 1973; Ehrgott *et al.*, 2011). This is emphasised by companies increasingly seeking to achieve triple bottom-line performance (economic, environmental and social) and generate mutual benefits to shareholders and society (Pagell and Wu, 2009). The procurement function plays a significant role in leveraging the company’s impact on society by procuring in a socially responsible way or what is termed social procurement (Meehan and Bryde, 2011). There is no consensus on the definition of social procurement due to its multifaceted focus and characteristics (Carter and Jennings, 2004). This paper adopts Drumright’s (1994) definition: ‘attempts to take into account the public consequences of organisational buying or bring about positive social change through organisational buying behavior’ (p. 1).

The case focuses on procuring to achieve positive social change by improving the lives of disadvantaged people. Social procurement activities in regard to disadvantaged people is an interesting but under-researched issue in the SSCM literature and could generate visible benefits to individuals and society. For example, there are an estimated 600,000 people with autism in the UK, and the cost of supporting someone with autistic conditions can reach £1.5 million over a lifetime. The cost of treating autism is higher than the costs of treating heart and cancer diseases, reaching £32 billion a year in the UK (Buescher *et al.*, 2014). Thus, procurement activities directed toward supporting and offering employment to people with autistic conditions, could improve their lives as well as assisting society and governments that face the high costs of tackling autism.

Reaching individual disadvantaged people to induce social impact is a dilemma for the procurement function. A possible solution to this challenge is social enterprises, which can be defined as business entities that ‘have the ability to be self-sustaining and/or generate profit while simultaneously creating something of value for society’ (Acs *et al.*, 2013, p. 787). The role of social enterprises has been defined by the Organisation for Economic Cooperation and Development (OECD) as providing opportunities for disadvantaged people and reintegrating them into the labour market (OECD/EU, 2017).

Social enterprises are hybrid organisations that operate in the blurry area between the economic and social value poles (Crane *et al.*, 2014), as they engage in commercial activities to generate revenues that support achieving their social objectives. Thus, social enterprises have emerged as a viable solution for combining economic value, the ultimate goal of for-profit organisations, and social value, which represents the ultimate goal of governments, NGOs,

philanthropic institutions and charities (Pullman *et al.*, 2018). Social enterprises deploy innovative approaches for addressing and fulfilling societal needs (Zahra *et al.*, 2009; Longoni *et al.*, 2019). Therefore, social enterprises can be considered market-oriented entities, relying on innovation to provide products and services to generate money, as well as society-oriented entities focusing on mitigating societal challenges (Santos, 2012). The impact of social enterprises is undeniable: ‘without initiatives undertaken by social entrepreneurs, the status quo would stand uncontested and critical societal challenges would remain unresolved’ (Auerswald, 2009, p. 51). Furthermore, Elkington *et al.* (2006) argued that social enterprises give a clear sense for achieving the triple bottom line in companies’ business models. However, as a relatively new supply network stakeholder, little is known about how procurement can successfully engage with social enterprises to induce social impact in supply networks.

Challenges in Social Enterprise Relationship Initiation and Development

Relationship initiation and development have been extensively investigated in buyer and for-profit supplier relationships (Dwyer *et al.*, 1987; Claycomb and Frankwick, 2010; Lee and Johnsen, 2012). As social enterprises are a new type of supply network stakeholder we expect procurement-social enterprise relationship initiation and development to be peculiar due to the existence of dual and often conflicting objectives: attaining simultaneously social and commercial logics.

Social enterprises need to support their social mission by generating revenues from engaging in commercial activities. But social enterprises are often small and operate under financial and human resource constraints (Doherty *et al.*, 2014) that may limit their ability to maintain their hybridity (attaining both social and commercial logics) on a long-term basis (Pache and Santos, 2013). Therefore, procurement faces the challenge in social enterprise relationship initiation and development of how to resolve the potential tension between achieving social impact and satisfying internal requirements in terms of economic and operational performance such as cost and scaling.

The interaction framework held by the IMP perspective offers various mechanisms to govern supplier behaviour in relationships. Trust building and dependency manipulation are emphasized in relationship initiation and development (Havila *et al.*, 2004; La Rocca *et al.*, 2019). Trust depends on the level and intensity of information exchange between the two actors and helps predict partner behaviour (Johnston *et al.*, 2004). Trust can be defined as confidence or predictability in expectations of another’s behaviour and confidence in another’s goodwill (Ring and Van de Ven, 1992). At the beginning of a relationship, trust facilitates knowledge accumulation about the partner and indicates if and how the partner can meet the expectations of the other (Mandják *et al.*, 2015). Accordingly, building trust during relationship initiation determines the relationship’s future, its development direction and level of cooperation and commitment (Morgan and Hunt, 1994).

The IMP interaction approach conceptualises dependency as related to the amount of adaptation undertaken by the two actors’ activities and resources (Håkansson and Snehota, 1995). Dependency determines the power possessed by each party and the potential benefits of the relationship. Hingley (2005) argued that actors accept high dependency in return for access to the partner’s resources, thereby reaping business advantages. However, high dependency may

lead to unstable relationships (Duffy, 2008) and loss of goodwill. Therefore, building trust and managing interdependency are both important in relationship initiation and development (Mandják *et al.*, 2015). Similarly, behavioural monitoring and supplier development are well-known means for relationship development. Behavioural monitoring is defined as ‘an effort made by one party to measure or “meter” the performance of another’ (Heide *et al.*, 2007, p. 426). For example, the company can conduct audits to verify the processes of the supplier to better predict its performance. The development approach which typically comprises training or education (Cousins *et al.*, 2004; Gimenez and Tachizawa, 2012) is based on close interaction with suppliers for the purpose of upgrading their capabilities.

In designing our research, including the initial protocol, we built on these theoretical insights to emphasise trust, dependency, monitoring and development as relevant to procurement-social enterprise relationship initiation and development at the dyadic level. However, during data collection we discovered that the social enterprise relationships were also connected to other relationships in the portfolio of the procurement function, such as with first-tier suppliers and NGOs. The IMP approach is instrumental in understanding dyadic business relationships (Håkansson and Snehota, 1995). However, the IMP literature lacks studies on multi-tier relationships (Havila *et al.*, 2004). The dyadic perspective of focal firm-social enterprise was insufficient and we therefore, found it necessary to combine the IMP interaction approach with supply network theory (Choi and Wu, 2009) to study social enterprise relationships within their network structure.

Supply network theory proposes that triadic relationship configurations are the building blocks in supply networks rather than dyadic relationships (Choi and Kim, 2008; Li and Choi, 2009). For example, if we consider a triad composed of customer, supplier 1 and supplier 2 the triadic perspective permits to unveil how the three actors are embedded in various relationship configurations and how they influence each other’s performance. This possibility may not be obvious if we consider the three actors in two isolated dyads (for example customer-supplier 1 & customer-supplier 2).

The structural hole is used to interpret the behaviour of actors in triadic relationships where two actors in the triad are disconnected (Burt, 1992). The actor who aims to span this hole takes an intermediary or bridging role through, for example, facilitating the information flow or knowledge exchange between the other two (Choi and Wu, 2009). In this situation, various manipulations occur and may lead to various changes in the triadic relationship such as weakening the intermediary role when the two disconnected actors initiate a relationship. Therefore, network theory components such as triadic relationships and structural holes can provide deeper insights on relationship development and better capture the ‘essence’ of supply networks (Choi and Wu, 2009).

Our adoption of the supply network perspective is in line with calls in supply chain management research to go beyond dyadic relationship analysis to capture novel relationship dynamics (Carter *et al.*, 2015; Choi and Kim, 2008; Choi and Wu, 2009; Mena *et al.*, 2013; Wu and Choi, 2005). However, the current literature in IMP and supply network theory does not provide insights on relationships when they concern actors such as social enterprises. Therefore, our study aims to contribute to IMP and supply network theory by investigating relationships initiation and development under peculiar settings such as achieving simultaneously commercial

and social objectives and inclusion of social enterprises as suppliers in a supply network where the business context is a non-manufacturing.

RESEARCH METHODOLOGY

We investigate how procurement initiates and develops social enterprise relationships for the purpose of inducing social impact in supply networks. IMP and network theory provide our theoretical foundation, and both theories informed the data collection. The paper's aim is the extension (Ketokivi and Choi, 2014) of existing concepts in supply network theory since multi-tier relationship analysis is still an under-researched topic. To achieve this, we adopted a case study approach which is suitable for making direct observations across supply networks, including data collection from multiple network actors (Seuring, 2008), and for investigating contextual factors of the phenomenon in their real-life context (Meredith, 1998).

Case Study Selection

Our main case study selection criteria were a company that had launched a social procurement initiative that involved social enterprises to induce positive social impact in its supply network and the initiative was considered part of the procurement strategy with defined social goals to be attained. However, it proved difficult to find a company fitting our criteria of engaging social enterprises in a formal and structured social procurement process.

We contacted several companies, enquiring about their social initiatives and whether these included social procurement activities with social enterprises. A healthcare company in the United States showed interest in participating in our study, indicating that their UK subsidiary (HCUK) had recently launched a social procurement initiative. After several conference calls with company representatives in the US and HCUK to obtain more information, we agreed to commence the study. HCUK provided presentation materials and reports that enhanced our understanding of its initiative and confirmed our selection criteria.

The case involves one buying firm's efforts to procure services from multiple social enterprises, offering a comprehensive understanding of how procurement–social enterprise relationships are initiated and developed for the purpose of inducing social impact in the supply networks of buying firms who approach sustainability from the more typical instrumental perspective (e.g. Montabon *et al.*, 2016). Our single case study involves multiple diverse supply network actors (customer, first-tier supplier, social enterprises and NGO) who are engaged in a multi-tier relationship configuration. Exploring a novel activity, in a typical setting, makes for a compelling case in that HCUK's behaviours are likely to be similar to other firms who pursue these initiatives in the future.

The company's social procurement initiative involves HCUK, which sells healthcare, pharmaceutical and medical products in the UK, one NGO (herein called NGOB) and multiple social enterprises (four social enterprises, SE1, SE2, SE3 and SE4, were selected for our study). NGOB is a national NGO operating in the UK and acts as an intermediary connecting commercial companies seeking social procurement activities with potential social enterprises. The four social enterprises were identified based on the snowball sampling technique during interviews with HCUK. We selected the social enterprises that had had close relationships with

the procurement function at HCUK (called here Procurement HCUK) for two years or more, as well as one large supplier (referred to as FMSP), who was the sole first-tier supplier to join the initiative at the time of data collection. FSMP was chosen by Procurement HCUK to provide services to the company via social enterprises. The real names of all the participants in the study are disguised to ensure anonymity, as this was essential to encourage interviewees to speak openly. Table 1 provides an overview of the actors involved in Procurement HCUK’s social procurement initiative.

[INSERT TABLE 1 HERE]

Data Collection Process and Analysis

The unit of analysis is the social procurement initiative launched by Procurement HCUK within its supply network: this involved multiple actors and Procurement HCUK has continued to manage these relationships to achieve the required long-term outcomes. All actors are located in the UK. The data collection process was primarily conducted using a semi-structured interview protocol that we developed based on the theoretical underpinnings of IMP and supply network theories. For example, constructs from IMP guided our inquiry into how dyadic relationships were initiated, monitored, and developed as well as the levels of trust and dependency within these. Supply network theory was useful in understanding how the dyadic relationships were configured within a network, capturing the dynamic changes that occurred in the supply network and observing the intermediary roles of both NGOB and FMSP. Appendix 1 provides details on the interview protocol.

In total, we conducted 18 interviews: HCUK (11), social enterprises (4), NGOB (2) and FMSP (1). The informants included a procurement category director, corporate sustainability director, CSR representatives, sales manager, general manager and managing director. The interviews were conducted face-to-face or by telephone when it was not possible to meet in person. All interviews were done in English, lasted 45–60 minutes, and were recorded and transcribed to ensure data accuracy and retention (Voss *et al.*, 2002).

The analysis process began by assigning a specific label or code to data chunks to denote a specific meaning. The coding process was a crucial step to structure and order the data (Stuart *et al.*, 2002). This represented the first cycle coding and resulted in several codes that were grouped into the second cycle coding or categories (Miles and Huberman, 2014). The codes and categories were developed at the actor and relationship levels. The actor level enabled us to discern the motivating factors and conflicts that individual actors faced when engaging in the social procurement initiative. The relationship level was useful for understanding dyadic, triadic and quadratic relationship configurations that ultimately assisted us in answering our research question on how the procurement function initiates and develops relationships with social enterprises for inducing social impact in supply networks. Appendix 2 shows an example of the first cycle coding and categories.

We relied on two main sources of information to enhance the research quality (Voss *et al.*, 2002). The primary sources of information were the semi-structured interviews with several interviewees for each actor and relationship. We ensured that we interviewed several key informants who provided different perspectives on the social procurement initiative. The second

source of information was archival data provided by the interviewees. For example, HCUK provided internal reports and presentation materials on its social procurement initiative, main social impact goals and the main actors involved in the initiative. The annual report and website of NGOB were very useful to understand the role of NGOB in linking companies with social enterprises and the corporate events it organized to enhance social enterprises' visibility in the market. Social enterprises provided links to their websites and some materials during the interviews that helped us to have a better understanding of their social missions and how they operate in the market. The archival data supported or complemented the data gathered from the interviewees. As a final validity check the summary report of the case study and its main findings was sent to the interviewees for validation and feedback.

CASE STUDY FINDINGS

HCUK's Social Procurement Initiative

At the end of 2015, Procurement HCUK launched a social procurement initiative in the UK, referred to as SPTS (social procurement through social enterprises), that aims to help disadvantaged people obtain employment. SPTS directs a certain amount of procurement expenditure toward buying a range of marketing, human resources (HR), IT and facility management services, building maintenance, restaurant management and office supplies from social enterprises. In turn, these social enterprises support or employ disadvantaged people. The SPTS aim is:

to devote 3% of our spend, which is £15 million, and create 150 jobs for disadvantaged people. (HCUK Director-Global Supplier Social Responsibility)

The UK Social Value Act 2012 encourages procurement decisions that lead to social, economic and environmental benefits, but the act is aimed mainly at public procurement and is not mandatory:

In the UK, there is government legislation around the Social Value Act, but it is pretty weak legislation and we don't see that coming through any of our tenders. (HCUK CSR Lead)

Neither governmental intervention nor customer pressure has had any apparent influence on HCUK. Our interviews with HCUK indicated that the SPTS was launched to fulfil one of HCUK's principles that emphasises the role of the company in supporting the community where HCUK operates. Ultimately, Procurement HCUK considered the initiative as helpful for improving the company's reputation through supporting society and helping disadvantaged people to find employment:

If you look at the [SPTS], which crosses the boundaries where the organisation is looking to solve society issues, that is not done through the government. This is a very good example of how you really can move the needle for the company's reputation. (HCUK Managing Director)

The driver of Procurement HCUK's decision to launch the SPTS was, therefore, fulfilling the HCUK's credo for supporting the local community and the desire to improve their reputation as a socially conscious company. In the following section, we examine how Procurement HCUK initiated and managed the relationships created as part of SPTS.

Procurement HCUK–NGOB Collaboration for Social Enterprise Selection and Relationship Initiation

To realise the goals of SPTS, Procurement HCUK sought to initiate relationships with social enterprises, who, according to their business models and social missions, offer products and services in the market and utilise the revenues to positively impact society through, for example, improving the lives of disadvantaged people by providing them with direct funds or employment. In the UK, there are more than 70,000 social enterprises providing a wide range of services and products. Procurement HCUK faced the challenge of how to find suitable, capable social enterprises that could achieve the SPTS outcome and, at the same time, deliver services without sacrificing economic and operational performance. Selecting capable social enterprises was a key success factor in achieving the SPTS outcome and poor performance by a social enterprise could tarnish HCUK's reputation and brand image, as SPTS is directed toward inducing societal benefits:

We've concerns about certain things because you have to protect the SPTS. It's vital because the business might see us as not going through the right diligence with these suppliers because we think there's some social value there and the wrong supplier crept through, then the reputation of the brand is damaged irreparably. (HCUK Director-Global Supplier Social Responsibility)

Due to a lack of knowledge and prior experience with social enterprises, Procurement HCUK requested NGOB's help to obtain information on capable social enterprises. NGOB acts as a national body for UK social enterprises. It accredits social enterprises' business models and social missions, builds a market for social enterprises nationally and internationally, acts as a link between commercial organisations and social enterprises to facilitate social procurement activities and leads initiatives that involve large organisations in the UK that promote social procurement with social enterprises. Therefore, Procurement HCUK established a relationship with NGOB to utilise its knowledge of the social enterprises sector. Procurement HCUK paid a fee for obtaining information on and connecting with these social enterprises.

The relationship between Procurement HCUK and NGOB has evolved into a close and trusting relationship with intensive communication at senior management level. The two parties jointly organised several events where many large organisations and social enterprises in the UK were invited to promote social procurement activities. The two parties are in an interdependent relationship since Procurement HCUK needed to access NGOB's knowledge of the social enterprises sector to connect with the right social enterprises. Similarly, NGOB saw a good opportunity to cooperate with a leading pharmaceutical/healthcare company to support its goal of enhancing social procurement with UK social enterprises. Similarly, SE1, SE2, SE3 and SE4 appeared to appreciate the role of NGOB in connecting them to large commercial organisations, such as HCUK. Generally, social enterprises lack marketing and communication resources to reach large organisations, so NGOB increases the visibility of social enterprises to companies that aim to engage in social procurement. Hence, NGOB's role and resources were seen as beneficial for both Procurement HCUK and the social enterprises:

They [NGOB] provide support for social enterprises and they're a focal point ... a great place to go to meet social enterprises, a great place for us to understand what social enterprises are all about, how social enterprises are organised, how we as a company can work with social enterprises. NGOB helps a lot in this regard. (HCUK Managing Director)

We are a member of NGOB and they introduced us to HCUK. HCUK went to that national body NGOB and said this is our initiative, can you help us, and then NGOB picked us and approached them and said we would like to get involved in this. (SE3)

The intensive communication and exchange of information between the parties indicated a high level of trust between NGOB and the social enterprises. However, SE1, SE2 and SE3 are highly dependent on NGOB, who effectively acts as a bridge connecting social enterprises with large organisations seeking social procurement activities, while SE4 is less dependent.

First-Tier Supplier: A Parallel Path for SPTS

Procurement HCUK also engaged a first-tier supplier, FMSP, in the SPTS initiative. Procurement HCUK has a large contract with FMSP to provide a range of facility services, including catering, hospitality and security. The relationship between Procurement HCUK and FMSP has evolved over 10 years into an interdependent relationship. Following the aim of SPTS, Procurement HCUK stipulated that 3% of the total value of the contract with FMSP should be directed toward procuring services from social enterprises.

FMSP contacted NGOB to play a similar role as they did with Procurement HCUK, where NGOB acted as a bridge between FMSP and potential social enterprises. Procurement HCUK was not involved in this process. We did not investigate the FMSP–NGOB and FMSP–social enterprise relationships, as these were only just initiated at the time of our study. However, FMSP appreciated the intermediary role of NGOB in connecting buying organisations with qualified social enterprises:

The role of NGOB is really important because it's related to how we can drive more spend and develop these organisations [social enterprises] and choose the right ones for the right opportunities. (FMSP)

We observed several reasons for Procurement HCUK's adoption of this parallel path of engaging a first-tier supplier in the SPTS. First, Procurement HCUK is determined to achieve its SPTS targets (creating 150 jobs for disadvantaged persons by spending £15 million) and the inclusion of a first-tier supplier could accelerate this. Second, this approach enables Procurement HCUK to formally integrate social objectives into its procurement strategy, make social procurement a priority in the company and build internal traction to disseminate social procurement practices across the entire company. Third, this approach embodies HCUK's intention to reduce the efforts and conflicts related to interacting directly with social enterprises by delegating the responsibility for selecting and establishing relationships with social enterprises to FMSP.

Social Enterprises' Involvement in SPTS

NGOB's role was to assist Procurement HCUK in selecting qualified social enterprises and once Procurement HCUK selected these, NGOB retreated and did not engage in the Procurement HCUK–social enterprise relationships' development. In this study, we focused on four social enterprises: SE1, SE2 and SE3, which operate locally within the UK market, and SE4, which operates both nationally and internationally. The findings indicate that Procurement HCUK's relationships with the four social enterprises became close over time and the relationship with SE4 progressed towards a partnership.

Trust Enhancement and Dependency Reduction in Social Enterprise Relationship Development

Having no history with the four social enterprises, Procurement HCUK exchanged information with them in order for the two parties to learn each other's needs and expectations. That included, information on the SPTS objectives, aspects of services required, procurement process and HCUK's organisational structure. SE1, SE2 and SE3 had insufficient experience dealing with large organisations, which was an obstacle emphasised by the three social enterprises. For example, they had no knowledge of how to reach the right individuals when approaching large organisations. Procurement HCUK supported the three social enterprises by paving the way to different departments, such as marketing, HR and IT:

We make sure that social enterprises are supported because typically they're not well staffed and don't have experiences in navigating their way through complex procurement process, so we're supporting social enterprises in navigating their way through our own system. (HCUK Managing Director)

We have no market resources, so, generally, anything we want, the consumer marketing team at HCUK would help with and handle that professionally. Our employees gained much wider experience working with that large corporation of HCUK. (SE3)

Procurement HCUK and the four social enterprises all emphasised the necessity of building trust while developing these new relationships. Procurement HCUK explained that the social dimension in the social enterprise relationships was a distinguishing feature of these relationships, which required establishing trust between the new business partners:

The intrinsic social contract that exists between us and social enterprises is between people with people because we know the potential impact. I think in HCUK it's not a very traditional procurement organisation. We focus on the value and there are many components to the value, it's not just about transactions. (HCUK Director-Global Supplier Social Responsibility)

The social enterprises, likewise, highlighted the role of trust in developing their relationships with Procurement HCUK and gaining more business:

It's been a four-year relationship and we've made 100 films now. They allowed us to think of different ways of telling stories, they trust us to go and film on our own, so I think that's a pretty good level of trust. We delivered consistently for the last three years, so we've gained that trust. (SE1)

Trust level is very high with expectations for doing business for a long period of time. We're very focused on expanding our relationship with HCUK globally and that's our short-term goal in the future. (SE4)

In examining the relationships between Procurement HCUK and the social enterprises, we observed high levels of dependency in SE1, SE2 and SE3 on Procurement HCUK, as its orders represent a significant proportion of their total sales (Table 1). In contrast, both Procurement HCUK and SE4 are more independent, as indicated by the low business volume proportion of HCUK to SE4. Procurement HCUK has endeavoured to reduce the social enterprises' dependency, as being overly dependent on HCUK could jeopardise their ability to fulfil SPTS objectives:

We don't want to be a huge part of their mainstream and we don't want them to be dependent on us. It's in their interests not to be dependent on us. We try to introduce them to other companies and to reduce their dependency on us. (HCUK Managing Director)

You want to limit your dependency as much as possible and to spread the risks with other companies, and that's what we try to do with various initiatives. I think it's never ideal having a huge dependency on one organisation. As a business, you need to look and spread the risk. (SE2)

Procurement HCUK, therefore, helped the social enterprises reach other customers either through recommending them directly to other companies or inviting the social enterprises to industry events organised by Procurement HCUK. SE1, SE2 and SE3 perceived these initiatives as appropriate ways to connect with other large organisations by building on the experience they developed through participating in the SPTS:

Our dependency on HCUK has become quite high during the last two years. There's definitely a risk and HCUK itself doesn't want their suppliers to heavily rely on them because we don't know what the future holds, and I think it's [dependency reduction] an appropriate measure. (SE1)

Behaviour Monitoring and Development of Social Enterprises

Procurement HCUK emphasised the importance of social enterprises being 'corporate ready,' indicating that it expected social enterprises to be able to achieve both economic (cost, quality and delivery) and social goals and to have a scaling mindset. Although Procurement HCUK made efforts to select capable social enterprises with the help of NGOB, there was no guarantee that those selected would continue to perform according to Procurement HCUK's expectations. If the social enterprises failed to meet the requirements, Procurement HCUK could be accused of a lack of diligence for engaging with social enterprises without proper controls in place, and terminating a social enterprise relationship could be viewed as unethical. The ability of social enterprises to achieve the economic and social performance on a long-term basis was seen as critical for Procurement HCUK in order to avoid conflict with internal HCUK stakeholders. Both HCUK's top management and procurement function stressed the importance of the social procurement activities being cost competitive:

These social enterprises need to be successful businesses, and they can also do social good but if fundamentally they're not capable of delivering to our business then we cannot support them. (HCUK Managing Director)

What we've always been very clear on is that we're not looking to social enterprises and pay more. So that's one thing. We're not running a charity. (HCUK Director-Global Supplier Social Responsibility)

Procurement HCUK, therefore, considered it necessary to perform an in-depth evaluation on the social enterprises' capabilities and skills. For example, Procurement HCUK closely monitored the operations and processes of SE1, SE2 and SE3 to ensure that they were capable of achieving the SPTS outcomes. This included collecting in-depth information on the SEs' business models, social missions, and cost structures. In addition, Procurement HCUK asked internal departments, such as business development and marketing, to provide education and training to SE1, SE2 and SE3 on how to establish their business and marketing plans and conduct their business in a professional way. In contrast, Procurement HCUK perceived SE4 as already possessing the required capabilities to achieve the SPTS outcomes, so they did not engage in monitoring SE4's processes, describing it as 'corporate ready' with the ability to grow and scale nationally and internationally:

They [SE4] are an office supplies social enterprise. We're happy with them, their services are absolutely fantastic and top management is great. Many things they're doing are surprising. They've got entrepreneurship education and they're an effective social enterprise. (HCUK CSR Lead)

Table 2 provides an overview of the findings concerning how Procurement HCUK involved NGOB, social enterprises and FMSP in the SPTS implementation and relationship initiation and development.

[INSERT TABLE 2 HERE]

DISCUSSION

The aim of this study was to understand how the procurement function initiates and develops social enterprise relationships for the sake of inducing social impact in supply networks. Building on IMP (Håkansson and Snehota, 1995) and supply network theory (Choi and Wu, 2009), we analysed trust, dependence, monitoring and development because we expected these governance mechanisms to be important in social enterprise relationships intended for inducing social impact in supply networks. In fact, they were significant in reducing the tension that occurred between achieving social impact and maintaining the cost and operational performance in the social enterprise relationships. The results suggested that the tension between the social and economic logics was mitigated via the management (monitoring and development) of individual relationships and the structure of the network. Exploring how social impact is achieved in these novel relationships also sheds light on network relationships that go beyond the dyad and triad, expanding our understanding of networks.

Social Enterprise Relationship Initiation & Development: Behavioural Monitoring and Development Approaches for Trust Build-up and Dependency Manipulation

The intermediary role of NGOB was to facilitate social enterprise selection and, hence, assist Procurement HCUK to reduce its efforts and costs related to supplier selection and relationship initiation. However, Procurement HCUK wanted to be assured about the social enterprises' ability to deliver the required social, economic and operational performance on a long-term basis. Accordingly, Procurement HCUK engaged in behavioural monitoring with SE1, SE2 and SE3, where it conducted intensive verification of their business models, processes and staff competency to enhance its confidence in the ability of these three social enterprises to achieve the SPTS outcome. In this monitoring stage, the parties (Procurement HCUK and the three social enterprises) engaged in exploratory activities through intensive communication and information exchange that resulted in developing the processes and competencies needed to ensure the SPTS outcome. Thus, over time, trust in the ability of the suppliers to meet the SPTS outcome was developed (Ireland and Webb, 2007). As SE4 was already considered 'corporate ready,' Procurement HCUK had sufficient confidence in SE4 and did not intensively monitor its processes.

The monitoring activities, although obtrusive, provided Procurement HCUK with better predictability on the performance of the social enterprises. However, this was perceived by HCUK as insufficient to help the suppliers become 'corporate ready'. Therefore, Procurement HCUK's behavioural monitoring activities were supplemented with support and coaching activities to enhance the social enterprises' capabilities. For example, Procurement HCUK

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3 trained SE1, SE2 and SE3 on how to set up their business plans and marketing strategies, as well
4 as provided mentoring activities on how to modify their organisational structure and operational
5 aspects of their services. This reflected competence trust in the social enterprises (Sako and
6 Helper, 1998), as the development activities grew Procurement HCUK's confidence in the social
7 enterprises' competency to implement the SPTS. There were few development activities with
8 SE4, which was considered 'corporate ready.' As the suppliers were developed and became more
9 capable, Procurement HCUK's trust in their capabilities increased and the need for monitoring
10 was reduced.
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14 Another important aspect in social enterprise relationship development was dependency
15 manipulation. Before initiating a relationship with Procurement HCUK SE1, SE2 and SE3 were
16 highly dependent on NGOB to secure business through its connection with customers, such as
17 HCUK. We observed a shift in the dependency of the three social enterprises from NGOB to
18 Procurement HCUK once the social enterprise relationships were developed. This dependency
19 shift was favourable for the social enterprises, as they secured business with a large customer and
20 support for capability-building. SE4 was in an independent position since the business volume of
21 Procurement HCUK was low while NGOB appeared to be in an interdependent situation with
22 Procurement HCUK. FMSP had a different situation, where it appeared to be in an
23 interdependent position, but considered HCUK a strategic customer. This explains why FMSP
24 was the only actor who saw no benefits from engaging in SPTS apart from maintaining its
25 relationship with Procurement HCUK.
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29 Our findings provided an interesting situation where Procurement HCUK had power over
30 SE1, SE2 and SE3 but all parties aimed to move into a symmetrical relationship with low
31 dependency. We believe this situation was driven by Procurement HCUK's concern that
32 business reduction for any particular reason with the social enterprises could badly influence
33 their financial performance and ultimately the ability to fulfil their social mission. Dependency
34 reduction efforts were done by Procurement HCUK, who provided various support to the social
35 enterprises. This support did not come from the procurement function but was arranged by other
36 functions within HCUK, such as marketing and business planning, and thus did not influence
37 procurement's costs related to developing social enterprises. Hence, Procurement HCUK tried to
38 create a more balanced relationship that would be helpful for relationship development and
39 continuity, as well as mitigating tension in the social and commercial logics. This coincides with
40 Hingley's (2005) argument that seeking symmetrical dependency fosters long-term relationships.
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44 The actions Procurement HCUK took at the relationship level to induce social impact and
45 avoid tension between social and commercial logics in these novel suppliers fit within the
46 existing understanding of supplier management from a dyadic perspective. Procurement HCUK
47 monitored those suppliers whom they did not yet trust. Similarly, they helped develop the
48 suppliers in order to reduce the need for monitoring with an eye toward reducing supplier
49 dependency. A simple conclusion could be that the governance mechanisms of trust building,
50 dependency reduction, monitoring and development approaches can assist in reducing the social
51 and commercial logics tension in social enterprise relationships. However, when we explored the
52 quadric network structures that Procurement HCUK created, as well as how roles within the
53 network changed over time, new insights on supplier management and networks emerged.
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Social and Commercial Logics Tension Mitigation Through the Quadratic Relationship Configuration

The analysis indicated that resolving the tension between the social and commercial logics did not occur within the Procurement HCUK-social enterprise dyad but occurred via the quadratic relationship between Procurement HCUK, the four social enterprises, NGOB and FMSP and under various relationship configurations, as shown in Figure 1. Three main relationship configurations are observable within this quadratic configuration. The first (Procurement HCUK–NGOB–social enterprises) is concerned with the selection of social enterprises. Engaging first-tier supplier FMSP in the SPTS represented the second relationship configuration for Procurement HCUK to achieve its objectives. The third relationship configuration (FMSP–NGOB–social enterprises) involved FMSP seeking the assistance of NGOB to connect with competent social enterprises; although, this relationship configuration was under initiation and, therefore, we were not able to investigate this.

[INSERT FIGURE 1 HERE]

The intermediary role of NGOB in assisting Procurement HCUK in the social enterprise selection process and relationship initiation occurred in two stages as depicted in Figure 2. Compared to the traditional supplier selection process, which revolves around identifying a pool of qualified suppliers and then conducting evaluations, Procurement HCUK adopted an alternative approach by establishing a relationship with NGOB to access its resources and knowledge of the social enterprise sector. Thus, NGOB acted as a bridge, connecting Procurement HCUK with potential qualified social enterprises and, accordingly, was considered a crucial step toward avoiding the trade-off that might exist between operational performance and attaining social impact. NGOB also aided Procurement HCUK in reducing the costs related to searching for and selecting social enterprises:

We see [ourselves] as a bridge, and the focus of our role is ... helping a large organisation, such as [HCUK], that buys a huge range of products and services to look at what they can buy from the social enterprise sector. The social enterprise sector in the UK is delivering a huge range of services but not necessarily at the right scale or in the right geographical area to meet the requirements of the large businesses. So, we ... try to join up the opportunities by matching the demand to the supply side. (NGOB)

[INSERT FIGURE 2 HERE]

In the relationship configuration Procurement HCUK–NGOB–social enterprises, NGOB acted as a central node, ensuring dyadic relationships between Procurement HCUK and the social enterprises. NGOB acted as a ‘go-between’ and ‘gatekeeper’ of information (Li and Choi, 2009) between Procurement HCUK and the social enterprises. Thus, we observed that (Figure 2, Stage A) Structural Hole 1 existed in this relationship configuration (Choi and Wu, 2009) since NGOB occupied a mid-point and the absence of direct links between Procurement HCUK and the social enterprises.

The bridging role of NGOB facilitated communication and information exchange between Procurement HCUK and the social enterprises, initiating links between them and thereby bridging the structural hole. Interestingly, overcoming the structural hole resulted in reducing the role of NGOB in this relationship configuration, in Stage B. The intervention of

NGOB in the Procurement HCUK–social enterprise relationships was confined to the initiation stage. Therefore, NGOB performed a temporality role where in Stage A it acted as a bridge that facilitated the communication and information flow between the actors. Once the structural hole started to disappear and the relationships began to form, NGOB receded. This does not mean that the relationship configuration dissolved but the links that Procurement HCUK and the social enterprises had with NGOB became weaker. Li and Choi (2009) describe this situation as ‘bridge decay,’ where two separate actors establish direct links and exchange information, leading to reduced benefit for the bridging actor, as its role becomes redundant.

Involving FMSP in the SPTS represented a parallel path for Procurement HCUK to induce social impact in its supply network, as shown in Figure 3. Relying on their partnership, Procurement HCUK had confidence in FMSP’s ability to achieve the required expenditure with social enterprises without interfering in how FMSP went about it. In this case, Procurement HCUK was more concerned with the outcome of this relationship configuration than the means of achieving the outcome. Procurement HCUK trusted FMSP, but this parallel path posed a challenge for FMSP on how to manipulate the relationship configuration and governance (Choi and Wu, 2009; Mena *et al.*, 2013). In the Procurement HCUK–FMSP–social enterprise triad, there was no direct interaction between Procurement HCUK and the social enterprises, meaning FMSP handled the social enterprise selection and verified their capability. In this regard, FMSP was required to monitor and coach selected social enterprises to ensure they were capable of achieving simultaneous economic and social goals:

We are contractually connected with HCUK to provide services, the budget compliance policy and all of those things. We have to come up with relationships with tier-two suppliers, social enterprises. We cannot afford to have relationships that are less professional and less stringent with tier-two social enterprises because it can risk the reputation of all of us. So, I guess contractually, there’s no difference; relationship-wise, I think there is a difference, it’s our organisation that has to spend more time with social enterprises, more coaching through, and making sure that we help them to succeed. (FMSP)

[INSERT FIGURE 3 HERE]

An interesting observation in these relationship configurations is structural holes and the different intermediary roles played by NGOB and FMSP. In the first relationship configuration, Procurement HCUK–NGOB–social enterprises, NGOB’s intermediary role was to bridge the structural hole and facilitate dyadic relationships between Procurement HCUK and social enterprises; NGOB receded once the structural hole vanished. In the second relationship configuration, Procurement HCUK–FMSP–social enterprises, the structural hole benefitted Procurement HCUK, as it helped to shift social and commercial logics tension resolution to FMSP and also minimised its monitoring and development efforts. In this relationship, FMSP had no gains except maintaining its relationship with Procurement HCUK. Whereas in the first situation the role of NGOB was to eliminate the structural hole, in this second situation, FMSP’s role was to sustain the structural hole.

Theoretical Contributions

Our study provides several theoretical contributions. First, through deploying the structural hole concept (Choi and Wu, 2009), our study demonstrates the dynamic and contrasting roles of intermediaries in a supply network. The NGO in our study played a dual role

in structural hole bridging and then receded once the structural hole vanished, while the dual role of the first-tier supplier was to bridge the structural hole and then maintain it. Thus, our study contributes to previous studies on structural holes (Choi and Wu, 2009; Li and Choi, 2009) by evidencing the benefits of eliminating or maintaining structural holes in relationships in the specific context of social sustainability in supply networks.

Second, several authors have suggested that triadic relationships are the building blocks (Choi and Wu, 2009; Wu *et al.*, 2010) or smallest unit in a network (Mena *et al.*, 2013). However, triadic relationships offer a limited view if they are studied in isolation without context (Carter *et al.*, 2015; Dubois, 2011; Peng *et al.*, 2010). Our case study makes this clear, as some of the triads were quadratics, and these quadratics were interconnected by multiple members. Triadic relationships are fundamental for understanding supply networks, but our results indicated that deeper insights are available when analysed within a quadratic network relationship configuration. Moving from the dyad to the triad was an obvious progression, and our results take the next step to indicate that quadratic relationships (when they exist) provide additional insights into relationships and supply network dynamics. For example, in our case study, the quadratic relationship configuration provided the opportunity to observe dependency shifts between actors. The high dependency of the social enterprises on NGOB shifted to Procurement HCUK and, later, both parties aimed to reduce their dependency. This indicates that interdependency between actors can be observed and manipulated in a myriad of ways that might not be evident when looking at dyadic or triadic relationships.

Third, studies of triadic relationships tend to focus on the customer, supplier and supplier's supplier (Choi and Wu, 2009; Li and Choi, 2009; Mena *et al.*, 2013), and most studies are conducted in a manufacturing context (for an exception, see, Bastl *et al.*, 2019). Our case study is concerned with services outsourcing and the social procurement activities that occur through quadratic relationship configuration that involved diverse actors, including an NGO and social enterprises, that hold different economic and social logics. Hence, our findings are applicable to networks of service providers or settings where network relationships involve actors whose motivation goes beyond profit maximisation and who may have different logics (economic and social). Future research can further explore these issues.

CONCLUSION AND MANAGERIAL CONTRIBUTIONS

The majority of studies on social procurement tend to focus on how to improve social performance in supply networks and enhance the social performance of suppliers to protect companies' reputations (Worthington *et al.*, 2008). Apart from studies on philanthropy and supplier diversity (Krause *et al.*, 1999), this is one of the few studies that reports on an innovative social procurement approach that aims to induce social impact, represented by providing support and employment to disadvantaged people. Our study advances the field of social sustainability in supply networks by revealing how supply networks can simultaneously be economically and socially oriented through establishing and developing relationships with non-economic and non-traditional supply network actors, such as NGOs and social enterprises, respectively.

Similarly, our study echoes the call of many authors that companies cooperate with non-economic actors, such as NGOs, to acquire the resources needed for implementing social

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3 initiatives (Rodriguez *et al.*, 2016; Johnson *et al.*, 2018). NGOs have been perceived, generally,
4 as a salient stakeholder influencing companies' engagement in sustainability due to their power
5 and urgency (Schneider and Wallenburg, 2012). This perception has witnessed significant
6 changes, where companies tend to cooperate with NGOs to proactively enhance sustainability.
7 Shevchenko *et al.* (2016) argued that NGOs could facilitate knowledge sharing among actors in
8 supply networks to improve sustainability. Similarly, Lund-Thomsen and Lindgreen (2014)
9 advocated for cooperation between companies and actors, such as NGOs, for improving
10 business's impact on society. Our findings provide significant reflections on these arguments by
11 illustrating an interesting role for an NGO acting as an intermediary that connects companies
12 with social enterprises. This role is enhanced through the knowledge they possess on the social
13 enterprise sector, which is critical for companies needing to access this complementary resource.
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17 Our study has several managerial implications. Given the magnitude of social challenges
18 societies and governments face today, companies can take a more proactive role in inducing
19 social impact in the communities where they operate. Our study indicates that this can be
20 attained through procurement expanding its relationship portfolio to include social enterprises.
21 Procurement may face a tension between attaining social impact goals and maintaining economic
22 performance when dealing with social enterprises. We advocate that procurement consider other
23 supply network stakeholders such as NGOs and direct suppliers to play bridging roles between
24 procurement and social enterprises to lessen the tension between social and economic logics.
25 Accordingly, our recommendation is that procurement views its relationships with these actors
26 from a network perspective to discern the connections between these actors and envisage how to
27 resolve the tension between multiple logics.
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31 Companies can also work together within and across industries to create social impact on
32 a large scale. For example, the UK initiative 'Buy Social Corporate Challenge' has seen large
33 organisations from different industries join the initiative to make social procurement with social
34 enterprises. Initiating or engaging in such initiatives can scale social impacts and create wider
35 societal benefits.
36

37 Finally, we must acknowledge our research limitations and make suggestions for future
38 research. Our study is based on a single case study, limiting the generalisability of our findings.
39 Thus, we call for other researchers to conduct multiple multi-tier case studies to reveal different
40 types of relationship configurations that consider suppliers, NGOs, social enterprises and
41 government bodies. Likewise, social enterprises in our case study appeared as effective in
42 inducing the required social impact of the procurement function. Future research can consider
43 other paths that procurement can pursue to achieve social impact through, for example, altering
44 the supplier selection and evaluation criteria to include social impacts. We believe this may
45 result in significant changes in the procurement strategy and procedures to achieve the social and
46 economic goals. Social enterprises have emerged as innovative entities that help in mitigating
47 social problems. However, research is needed to consider social enterprises as focal actors in the
48 supply network to understand how they achieve both social and economic value. This implies
49 investigating how social enterprises establish and manage their relationships with various actors
50 to achieve their social missions and economic goals.
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List of Tables

Table 1. Actors involved in Procurement HCUK’s social procurement initiative

Actors	Size (employees)	HCUK percentage to total turnover	Relationship duration & type	Services and social impact scope	Interviewee title & interview duration (in minutes)
HCUK	> 10,000	--	--	Procure products and services from social enterprises that support or offer jobs to disadvantaged people	<ul style="list-style-type: none">Managing Director (60)Director-Global Supplier Social Responsibility (150)Global Community Impact Director (50)Category Director (60)Senior Category Director (50)Head of Procurement Operations (60)CSR Director (60)CSR Lead (45)Sustainable Procurement Director (70)Senior Manager Responsible Procurement (45)Manager Responsible Procurement (45)
SE1	4	40%	4 years Close relationship	<ul style="list-style-type: none">Digital film productionSupport young people with mental health issues and people struggling to find employment	<ul style="list-style-type: none">Managing Director (70)
SE2	4	50%	2 years Close relationship	<ul style="list-style-type: none">Assist in launching new medical products and reaching customersProvide employment to people with mental health issues and people who are furthest from the job market	<ul style="list-style-type: none">Managing Director (60)
SE3	7	65–70%	2 years Close relationship	<ul style="list-style-type: none">Software testingProvide health, education and employment for people with autism	<ul style="list-style-type: none">Managing Director (70)
SE4	17	0.3%	2 years Close relationship	<ul style="list-style-type: none">Office supplies and document managementEmpower and educate women and young people	<ul style="list-style-type: none">Founder & CEO (60)
FMSP	> 10,000	5%	10 years Partnership	<ul style="list-style-type: none">Facility services managementAchieve 3% expenditure with social enterprises (food for offices, restaurant staff, security and hospitality)	<ul style="list-style-type: none">Social Impact Director (80)
NGOB	30	Not Disclosed	4 years Close relationship	Connect Procurement HCUK with social enterprises	<ul style="list-style-type: none">Deputy Chief Executive (90)Director of External Affairs (50)

Table 2. Findings summary of Procurement HCUK and actor roles in the SPTS implementation

Actor	Actor role in SPTS	Relationship	Trust and dependence in the relationship	Behaviour monitoring and development
NGOB	<ul style="list-style-type: none">Provide knowledge on expertise and skills of the social enterprisesAccredit social enterprises’ business models and social missionsBuild database on social enterprises’ capabilities, services and productsAct as bridge connecting	Procurement HCUK–NGOB	<ul style="list-style-type: none">High exchange of information and communicationDependence: interdependent	N/A
		NGOB–SE1 NGOB–SE2 NGOB–SE3 NGOB–SE4	<ul style="list-style-type: none">High exchange of information and communicationDependence: SE1, SE2 and SE3 have high dependence	N/A

	Procurement HCUK with capable social enterprises ▪ Joint efforts with Procurement HCUK to promote social procurement		on NGOB ▪ SE4 has low dependence on NGOB	
Social Enterprise	▪ Provide services to Procurement HCUK ▪ Utilise revenues from transactions with Procurement HCUK for providing support and employment to disadvantaged people	Procurement HCUK–SE1 Procurement HCUK –SE2 Procurement HCUK –SE3 Procurement HCUK –SE4	▪ High exchange of information and communication ▪ Dependence: high dependency by SE1, SE2 and SE3 (HCUK's business high percentage of total sales) ▪ SE4 is independent due to HCUK's business being a low percentage of total sales	▪ Procurement HCUK verified social enterprises' processes and operations ▪ Procurement HCUK provided SE1, SE2 and SE3 with support activities: training and education to improve capabilities ▪ SE4 operates nationally and internationally; capable of achieving required double-bottom line goals
FMSP	▪ Procurement HCUK requested FMSP to spend 3% of contract with social enterprises ▪ Responsible for selecting social enterprises and monitoring behaviour ▪ Collaborated with NGOB to connect with capable social enterprises	FMSP–Procurement HCUK	▪ High confidence in FMSP's capability to achieve required SPTS objectives ▪ Interdependent	▪ No monitoring activities exerted on FMSP ▪ No interference in FMSP processes
		FMSP–NGOB	Relationship under initiation	Relationship under initiation
		FMSP–social enterprise	Not investigated, as supplier in early stages of social enterprise selection process	Relationship under initiation

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Figure 1. Quadratic relationship configuration for the SPTS implementation

Figure 2. NGOB's bridging and receding role in the relationship configuration Procurement HCUK–NGOB–social enterprises

Figure 3. FMSP's bridging and sustaining role in relationship configuration Procurement HCUK–FMSP–social enterprises

Appendix 1. Interview Questions

A- Questions for HCUK

- 1- Could you please describe your position and main responsibilities?
- 2- What are the drivers behind launching SPTS?
- 3- What are the main enablers and barriers that you faced when implementing SPTS?
- 4- Could you explain the role of these social enterprises, NGOB and FMSP in implementing SPTS?
- 5- What are the services provided by these social enterprises?
- 6- How long have you been working with these social enterprises, NGOB and FMSP?
- 7- How do you describe your relationship with these social enterprises, NGOB and FMSP?
- 8- How do you describe the level of trust with these social enterprises, NGOB and FMSP?
- 9- Could you explain how much you are dependent on these social enterprises, NGOB and FMSP?
- 10- What is your procurement proportion to these social enterprises' annual sales?
- 11- What are the problems/conflicts that you faced with these social enterprises?
- 12- What are the main capabilities that these social enterprises should possess to implement SPTS?
- 13- How do you monitor these social enterprises performance?
- 14- What is the type of support that you provide to these social enterprises to enhance their performance?

B- Questions for the Social Enterprises, NGOB and FMSP

- 1- Could you please describe your position and main responsibilities?
- 2- Could you explain your role in implementing SPTS?
- 3- What are the main enablers and barriers that you faced when implementing SPTS?
- 4- How long have you been working with HCUK?
- 5- How do you describe your relationship with HCUK?
- 6- How do you describe the level of trust with HCUK?
- 7- Could you explain how much you are dependent on HCUK?
- 8- What is the proportion of HCUK to your annual sales?
- 9- What are the problems/conflicts that you faced with HCUK during implementing SPTS?
- 10- What are the main capabilities that HCUK required you to possess to implement SPTS?
- 11- How does HCUK monitor your performance?
- 12- What is the type of support that HCUK provide you to enhance your performance?

Appendix 2. First cycle coding and categorization

Part A. First cycle coding and categorization at actor level

Category	Actors			
	Procurement HCUK	NGOB	Social enterprises (SE ₁₋₄)	FMSP
Drivers for engaging in social procurement	<ul style="list-style-type: none">• Responding to the company’s credo• Improving the company’s reputation	<ul style="list-style-type: none">• Connecting social enterprises to Procurement HCUK• Getting fees from Procurement HCUK• Benefiting from Procurement HCUK network	<ul style="list-style-type: none">• Achieving social mission• Generating revenues• Benefiting from Procurement HCUK’s network	Maintaining its partnership with Procurement HCUK
Procurement Internal Conflict	<ul style="list-style-type: none">• Convincing other internal functions to approve dealing with social enterprises• Making social procurement a priority within the procurement function• Incurring high supplier research & selection costs• Procuring from social enterprises at high cost• Overcoming the social enterprises inability to deal with the large organization of HCUK	N/A	N/A	N/A
Social & economic performance of social enterprises	<ul style="list-style-type: none">• Meeting the economic performance as required by the internal functions• Meeting the operational performance as required by the internal functions• Meeting the scale/volume as required by the internal functions• Achieving the required social impact through social enterprises	<ul style="list-style-type: none">• Meeting the economic performance as required by Procurement HCUK for social enterprises• Meeting the operational performance as required by Procurement HCUK for social enterprises• Meeting the scale/volume as required by Procurement HCUK for social enterprises• Achieving the required social impact by Procurement HCUK through social enterprises	<ul style="list-style-type: none">• Meeting the economic performance as required by Procurement HCUK• Meeting the operational performance as required by Procurement HCUK• Meeting the scale/volume as required by Procurement HCUK• Achieving the required social impact by Procurement HCUK	<ul style="list-style-type: none">• Meeting the economic performance as required by Procurement HCUK• Meeting the operational performance as required by Procurement HCUK• Meeting the scale/volume as required by Procurement HCUK• Achieving the required social impact by Procurement HCUK through social enterprises
Facilitating role of NGO	<ul style="list-style-type: none">• Connecting Procurement HCUK with a pool of potential social enterprises• Organizing corporate events with Procurement HCUK to enhance social enterprises visibility	<ul style="list-style-type: none">• Building a network of social enterprises• Organizing corporate events to enhance social enterprises visibility	<ul style="list-style-type: none">• Getting Connected with a pool of potential customers	<ul style="list-style-type: none">• Getting connected with a pool of potential social enterprises
1 st tier supplier engagement	<ul style="list-style-type: none">• Requiring the first-tier supplier to obtain 3% of services from social enterprises• Requiring the first-tier supplier to select social enterprises	N/A	N/A	<ul style="list-style-type: none">• Achieving 3% of spend with social enterprises• Selecting social enterprises and maintaining their relationships

Note: each column contains codes that represent the category

Part B. First cycle coding and categorization at relationship level

Category	Relationship				
	Procurement HCUK -NGOB	Procurement HCUK-SE ₁₋₄	Procurement HCUK-FMSP	Procurement HCUK-NGOB-SE ₁₋₄	Procurement HCUK-FMSP-SEs
Relationship type	Close	Close	Partnership	N/A	---
Trust	<ul style="list-style-type: none"> Intensive communication Joint corporate events 	<ul style="list-style-type: none"> High expectations for doing business together Commitment to work for a long time Transparency through sharing of information and resources 	<ul style="list-style-type: none"> Long-term relationship Intensive communication 	N/A	N/A
Dependency	Interdependency situation	<ul style="list-style-type: none"> Introducing social enterprises to other companies Inviting social enterprises to corporate events for visibility Limiting the percentage spend by HCUK from social enterprises High sales volume with HCUK Low sales volume with HCUK 	Interdependency situation	Shifting in social enterprises (SE ₁₋₃) dependency	N/A
Social enterprise monitoring	N/A	<ul style="list-style-type: none"> Supplier selection criteria for selecting social enterprises Social enterprises cost, quality and delivery performances evaluation Ability of social enterprises to induce the required social impact 	N/A	N/A	N/A
Social enterprise support	N/A	<ul style="list-style-type: none"> Overcoming the managerial and communication barriers for social enterprises to deal with Procurement HCUK Mentoring social enterprises to improve their marketing and business planning & development capabilities Giving social enterprises a business priority by HCUK top management 	N/A	N/A	N/A
Bridging role	N/A	N/A	N/A	<ul style="list-style-type: none"> Assisting Procurement HCUK and SEs to establish relationships Retreating when Procurement HCUK-social enterprise relationships start to occur 	Maintaining the disconnection between Procurement HCUK and social enterprises

Note: each column contains codes that represent the category