

The Influence of a Green Procurement Strategy on Procurement Decisions at Unilever, South Africa

Mr Alexander Samuels¹

¹Transport Economics and Logistics Management, North West University, North West, South Africa: Orcid: 0009-0009-5509-4183

Keywords

Green procurement strategy
Procurement decisions
Sustainability
Stakeholder engagement
Supply chain collaboration

Abstract

The purpose of this research is to investigate the influence of a green procurement strategy on procurement decisions at Unilever South Africa, a prominent Fast-Moving Consumer Goods (FMCG) firm devoted to sustainability. The study's objectives are to assess the environmental, social, and economic outcomes of implementing a green procurement strategy, identify challenges faced by Unilever South Africa and provide practical insights for improving the effectiveness of green procurement strategies.

By expanding theoretical understanding of the relationship between sustainable procurement methods and procurement outcomes, the study adds to the current body of information. It broadens understanding of supply chain sustainability and stakeholder engagement. Furthermore, the study has practical implications for Unilever South Africa and other FMCG firms by giving insights to improve procurement procedures, supplier selection and overall supply chain management to achieve sustainable goals.

As the study focused on the influence of a green procurement strategy on procurement decisions in South Africa, an exploratory case study method was adopted. To identify the major challenges experienced when sourcing packaging materials, a qualitative research approach was applied. The research was carried out at Unilever's headquarters in Durban, KwaZulu-Natal. Purposive sampling was utilised with a sample size of four participants. As a data gathering tool, semi-structured face-to-face interviews were used. For this qualitative study, NVivo 12 was employed as thematic analysis software.

¹Alexander.Samuels@nwu.ac.za

1. Introduction

Unilever is a Fast-Moving Consumer Goods Company (FMGC) with headquarters in both London and Rotterdam. After Procter and Gamble and Nestle, this company is the third-largest consumer products conglomerate in the world. Over 400 products under this international brand are available in categories like food and drink, home goods and personal care (Unilever, 2016). Among the brands sold in South Africa include Lux, Dove, Flora, OMO, Surf, Sunlight and Ola ice cream (Unilever, 2016). Most Unilever's brands have developed strong social missions, such as Lifebuoy's push to promote hygiene by using its soap when cleaning dishes and Dove's promotion of real beauty.

There were three main goals for this approach that had to be accomplished by 2020. These goals included boosting the health and happiness of over a billion people, cutting the environmental impact of its products by half and enhancing the living circumstances of those who work along its value chain (Jack, 2016). Unilever reportedly joined the top ten worldwide supply chains in 2012, according to Trebilcock (2014). Direct and indirect procurement are the two divisions of Unilever's procurement. Direct procurement deals with raw materials and packaging materials, whereas indirect procurement deals with non-productive commodities (Mukhtar, 2016). The procurement department of Unilever has distinct responsibilities that must be controlled and fulfilled.

The adoption of sustainable practices has become increasingly crucial for organisations operating in various industries, including the Fast-Moving Consumer Goods (FMCG) sector. In recent years, the concept of green procurement has gained significant attention to promote environmental sustainability throughout the supply chain. Green procurement involves considering and evaluating environmental factors when making procurement decisions, such as sourcing materials, selecting suppliers, and managing waste. The benefits of adopting a green procurement strategy have been emphasized in several pertinent research. For instance, Arlbjrn, Freytag and Frosch (2017) discovered that businesses who incorporate sustainability criteria into their procurement decisions see improvements in their reputation, cost savings, and customer loyalty. Additionally, Ramanathan, Subramanian and Mathirajan (2018) showed how green procurement techniques improve supply chain effectiveness and lower carbon emissions.

This study made use of a case study of the Unilever, South Africa; face-to-face semi-structured interviews were used to collect the data. The purpose of the case study was to collect data about to examine the impact of a green procurement strategy on procurement decisions at Unilever, South Africa, who is recognised as an FMCG who is prominent and committed to sustainability.

1.1. Problem Statement

Siongok and Noor (2016) state although the value of green procurement practices in supporting environmental sustainability is becoming more widely acknowledged, more research is needed to

determine how they affect procurement choices in the Fast-Moving Consumer Goods (FMCG) industry. There is little study, specifically, on how green procurement strategies affect procurement decisions made at Unilever South Africa.

The issue this study seeks to solve is the paucity of thorough information about how the implementation of a green procurement strategy affects procurement decisions at Unilever South Africa. This knowledge gap hinders the organisation's progress toward reaching environmental goals and prevent it from fully utilising sustainable procurement strategies (Tukuta and Sarachera, 2015). The absence of empirical research focusing on the impact of green procurement strategies at Unilever South Africa limits the understanding of the potential benefits and challenges associated with their implementation. Without this understanding, Unilever South Africa may face difficulties in optimizing their procurement decisions to align with their sustainability goals, potentially leading to missed opportunities for environmental improvement and cost savings (Uyarra, and Flanagan, 2010)

Therefore, it is necessary to research how a green procurement strategy has affected Unilever South Africa's procurement decisions, looking at how fully sustainable practices have been included, the environmental and social benefits that have been realised, and the difficulties encountered (Thompson ,2017). By filling in this knowledge gap, the study seeks to offer insightful analysis and helpful suggestions that might help Unilever South Africa and related FMCG firms improve their sustainable procurement strategies.

1.2. Background, Rationale and Value of the Study

The rationale for conducting this study on the impact of a green procurement strategy on procurement decisions at Unilever South Africa is multi-fold. Firstly, Unilever South Africa has demonstrated a strong commitment to sustainability and has implemented various environmental initiatives. However, there is a need to understand the specific effects of their green procurement strategy on procurement decisions, as it remains an underexplored area within the organisation (Uyarra and Flanagan,2010). This study will provide insights into the extent to which sustainable practices are integrated into Unilever South Africa's procurement processes, contributing to a better understanding of their sustainability efforts.

Secondly, the FMCG industry, with its massive procurement activities and broad environmental impact, contributes significantly to the development of sustainable supply chains. Examining the results of a green procurement strategy at the well-known FMCG company Unilever South Africa will offer insightful information and serve as a model for other businesses in the sector. The findings of this study can offer practical implications and recommendations for FMCG companies aiming to enhance their sustainable procurement practices, thereby contributing to the broader adoption of environmentally responsible strategies in the sector.

This research will contribute to the body of existing knowledge of literature pertaining to sustainable

procurement strategies. The examination of green procurement strategies on procurement decisions to assess various factors such as resin costs, recyclable materials, cost and appearance, sustainable packaging and continuous improvement in the procurement process. This area was investigated in terms of a broad and inclusive research; it involved an empirical study as well as a literature review pertaining to green procurement practices.

1.3. Research Aim, Objectives, and Questions

1.3.1 Research Aim

The aim of this study is to investigate the influence of a green procurement strategy on procurement decisions at Unilever South Africa. The analysis assesses the extent to which Unilever South Africa has implemented a green procurement strategy and how they integrated sustainable practices into its procurement decisions.

1.3.2 Research Objectives

To examine whether a green procurement strategy influences a FMCG company when making procurement decisions.

1.3.3 Research Questions

How will a green procurement strategy influence a Fast-Moving Consumer Goods (FMCG) company when making procurement decisions?

1.4. Scope and Limitations of the Study

The study will be conducted in the context of Unilever South Africa, a leading FMCG company known for its commitment to sustainability. While Unilever South Africa has implemented a green procurement strategy to promote environmental sustainability. The scope for this study focuses on the implementation and integration of a green procurement strategy at Unilever South Africa. The study investigates how the green procurement strategy influences procurement decisions at Unilever South Africa. It analyzes the extent to which sustainable criteria are considered in supplier selection, sourcing processes, contract negotiations, and overall procurement strategies (Shin and Tunca, 2017). To achieve this objective, an interview schedule was designed with specific emphasis on identifying the areas of sustainable green practices; these may include environmentally friendly supplier selection, sourcing of sustainable materials, waste management and reduction of carbon emissions.

The study's timeframe and resources may impose as a limitation on the depth and breadth of the analysis. Conducting a comprehensive examination of all aspects of a green procurement strategy and its impact on procurement decisions within a specific timeframe may restrict the ability to explore certain subtopics or variables in detail.

The paper focuses on the impact of a green procurement strategy on procurement decisions at

Unilever South Africa, to examine whether a green procurement strategy affects a FMCG company when making procurement decisions. As such the paper started with an introduction section providing the background of Unilever South Africa, aim, objectives as well as questions including the scope and limitation of the study. The introduction is followed by a review of the research, which identifies the gap in the literature that this study is seeking to fill. The literature review is then followed by the methodology used by the researchers to attain the research objectives and answer the research's fundamental questions. The results section is used to present the study's findings gathered through data analysis using the research instrument. The findings are then explored in the dedicated discussion part, which is followed by the conclusion, which contains the study's concluding remarks.

2. Literature Review

The purpose of this literature review is to provide an overview of existing research and scholarly work on the impact of a green procurement strategy on procurement decisions, with a specific focus on Unilever South Africa. It delves into essential issues, theoretical views and empirical evidence to lay the groundwork for understanding the relationship between green procurement strategies and their effects on FMCG purchase decisions.

- **Environmental Performance and Green Procurement Strategies**

Numerous studies have found a link between green buying practices and improved environmental performance. According to Arlbjrn, Freytag and Frosch (2017), incorporating sustainability criteria into purchase decisions leads to better environmental outcomes. Similarly, Ramanathan, Subramanian and Mathirajan (2018) discover that green procurement strategies improve supply chain efficiency and help to reduce carbon emissions. This literature supports the notion that Unilever South Africa's green procurement strategy will result in improved environmental performance.

- **The economic benefits of green procurement strategies.**

According to research, green buying techniques can help businesses save money. Arlbjrn et al. (2017) and Ramanathan et al. (2018) show that firms that incorporate sustainability criteria into procurement decisions save money and enhance their financial performance. These findings suggest that Unilever South Africa's green procurement approach could result in possible economic improvements such as lower procurement costs and greater operational efficiency.

- **Challenges to Green Procurement Strategy Implementation**

Implementing a green procurement plan might be difficult. Diabat and Govindan (2011) identify constraints such as a scarcity of sustainable vendors and a lack of knowledge about green buying procedures. Walker, Di Sisto and McBain (2018) underline the significance of overcoming internal opposition to change and effectively communicating the green procurement value proposition. Unilever South Africa must understand these problems to identify and address potential roadblocks in implementing its green buying strategy.

- **Industry Perspectives on Green Procurement.**

Green procurement practices have a positive influence on the FMCG industry, according to research. Lam and Yik (2012) look at green purchasing methods in Chinese businesses and find institutional factors that influence green procurement uptake. Balta-Ozkan, Davidson and Bicket (2013) concentrate on sustainable procurement methods in municipal governments, emphasizing the significance of including sustainability criteria into tendering processes. While these studies provide a larger industry perspective, contextualising the findings within the FMCG sector assists Unilever South Africa in developing its green buying strategy.

Due to policies and practices must extend beyond organizational boundaries to incorporate whole supply chains, procurement plays a vital role in sustainability (Meehan and Bryde, 2011). Most procurement drivers have been identified as prices, costs, quality performance, and other decision-making challenges. Sustainability, on the other hand, is now being considered and raised awareness (Vorosmarty, Dobos and Tatrai, 2011). This is being implemented through the acquisition of environmentally friendly, socially responsible, and economically sound packaging for the organisation.

Sustainability has frequently been highlighted as a goal for all firms, organisations, and governments during the last decade; nevertheless, evaluating the extent to which an organisation is sustainable or seeking sustainable growth can be difficult. In the mid-1990s, John Pilkington attempted to quantify sustainability by including a new framework for measurement.

According to Hall (2011), John Pilkington developed the Triple Bottom Line for his company Sustainability in 1994. Businesses, according to Hall (2011), should develop bottom lines for three factors: people, planet, and profit. The triple bottom line attempts to evaluate economic, social, and environmental performance. The triple bottom line assesses the success of a company's economic, social, and environmental components over a set period. As anecdotal evidence of enhanced long-term profitability has collected, the Triple Bottom Line and its underlying notion of sustainability have grown increasingly appealing in the corporate sector. Reducing packaging waste, for example, can help to save money. Examples of these approaches include Shell, Unilever, Proctor and Gamble, 3M and Cascade Engineering (Hall, 2011).

Economic considerations are critical for any company, and environmental and social issues are now having a financial impact. Businesses are balancing investment and rewards across the 'people, earth, and profit' components of sustainability. Companies could request documentation from their suppliers regarding pre- and post-consumer recycled content, water and greenhouse gas emissions, as well as other practices implemented to help assure customers that the packaging material has a positive impact on the triple bottom line (Sustainable Packaging Alliance, 2002). The Triple Bottom Line is a well-known performance measurement approach used by corporations all over the world to assess money generated by corporate social sustainability efforts.

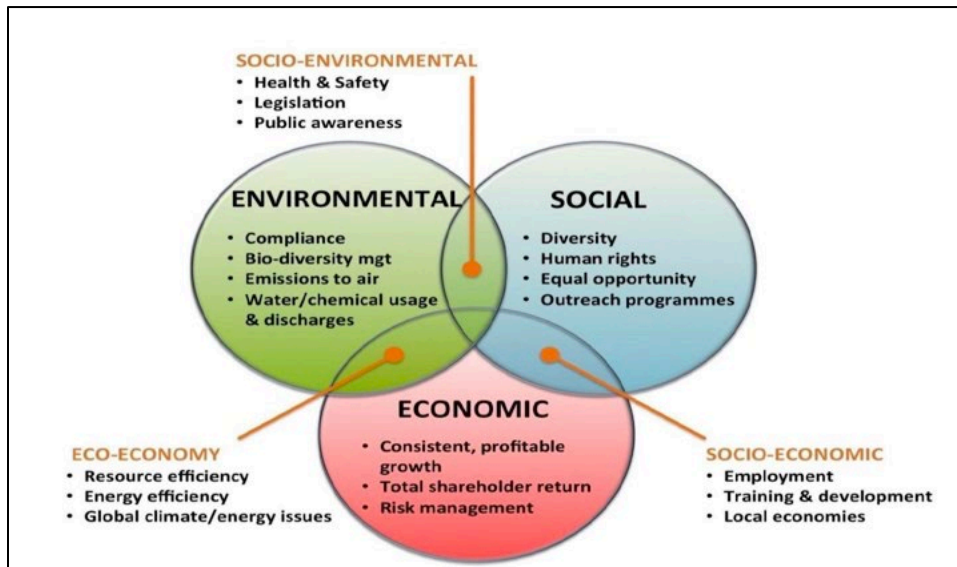


Figure 1.1: Triple Bottom Line
Source: Wagner (2016)

• Social Bottom Line

The 'people bottom line' of the Triple Bottom Line measures business earnings in terms of human capital. By implementing fair and equal labour standards and adopting corporate social responsibility programs, a company's social bottom line can be improved. According to Chamberlain (2016), the social bottom line is a crucial component of the Triple Bottom Line, and if a business is unable to build good relationships within the community in which it operates, the employees and client base of the organisation will suffer. A corporation can successfully analyse the long-term sustainability of its human capital using the Triple Bottom Line methodology (Chamberlain, 2016). The TBL's social dimension is concerned with the influence of an organization's actions on its stakeholders and society at large. A green procurement plan at Unilever South Africa can benefit a variety of stakeholders, including employees, suppliers, customers, and local communities. It can help to create jobs, assist local suppliers, improve product safety and quality and promote responsible procurement. Unilever South Africa demonstrates its commitment to corporate social responsibility and stakeholder involvement by prioritizing social concerns in procurement decisions.

• Economic Bottom Line

The 'profit bottom line' of the Triple Bottom Line incorporates business capital, environmental capital, and human capital. The economic bottom line must account for the economic impact of the firm in both the micro and macro settings (Wagner, 2016). When a company contributes to the improvement and strengthening of the economy in which it operates, it boosts its chances of success. Using the Triple Bottom Line idea, a firm can increase its market and economic position, boosting its long-term viability.

The green procurement strategy of Unilever South Africa can lead to economic benefits such as cost

savings, increased operational efficiency, and enhanced reputation and brand value. By incorporating sustainability principles into buying decisions, the organisation may be able to cut waste management, energy usage, and raw material sourcing expenses. These economic gains are consistent with the economic pillar of the TBL paradigm, which emphasizes financial success and long-term profitability.

- **Environment Bottom Line**

The 'planet bottom line' of the Triple Bottom Line examines how a business controls, monitors, and reports its consumption, waste, and emissions (Chamberlain, 2016). The Triple Bottom Line model approach to sustainability demonstrates the belief that the more a company contributes to consuming fewer natural resources and cutting emissions, the more successful the company will be and the longer its lifespan will be. In terms of measurement and evaluation, the Triple Bottom Line idea may have a disadvantage. The social bottom line is more difficult to assess and analyse than the economic and environmental bottom lines. This is due to the time and financial constraints that a company may encounter.

Corporate sustainability measures a company's ability to operate perpetually. This is determined by the company's environmental effect, community involvement and economic involvement (Savitz, 2006). A green procurement strategy's primary objective is to reduce environmental impact throughout the supply chain. The adoption of sustainable procurement methods by Unilever South Africa, such as selecting environmentally friendly suppliers and obtaining sustainable materials, has the potential to minimise carbon emissions, energy consumption, trash generation and other environmental costs. This is consistent with the environmental part of the TBL, which emphasizes ecological sustainability and resource conservation.

Improving FMCG firms' environmental performance is crucial. This will persuade and urge people to use modern waste technology. When FMCG firms adopt modern waste technology, they can have a more efficient and effective manufacturing system, allowing for smarter recycling and optimal energy generation. The TBL of an FMCG that uses biodegradable packaging suffers. The cost of developing new and improved biodegradable packaging options is too expensive (Wagner, 2016).

3. Research Methodology

3.1. Research Design

When developing a study design, research philosophies must be considered. Understanding the many research philosophies, as well as their distinct advantages and characteristics, allows the researcher to be more resourceful and adventurous in terms of research approach (Saunders, Lewis and Thornhill, 2019). The researcher chose a qualitative research approach for their study. To get insight into the underlying influence of a green procurement strategy on procurement decisions.

3.2. Research Instrument

When designing an exploratory study, in-depth or semi-structured interviews are more likely to be used. Likewise, the goal of an exploratory study is to help the researcher uncover and infer causal links between variables (Ghauri and Gronhang, 2011). As a result, the researcher required to comprehend the reasons for participant selection the decisions made, as well as the participants' beliefs and attitudes (Saunders et al., 2019). Interviews that are semi-structured or in-depth allow the researcher to delve deeper into a participant's response by asking them to explain, extend, or expand on their prior response. As the researcher adopted an interpretivism paradigm, the researcher developed an interview schedule, the interview questions were structured according to the research objective.

3.3. Population and Sampling

Procurement managers employed at Unilever in South Africa were considered for this study due to their close understanding of procurement decisions. Participants were four procurement managers who volunteered to take part in the interview process. Procurement managers were targeted at Unilever's Durban headquarters. Procurement managers employed at Unilever in South Africa were considered for this study due to their close understanding of procurement decisions. Participants were four procurement managers who volunteered to take part in the interview process. Procurement managers were targeted at Unilever's Durban head office.

3.4. Data Quality Controls

According to Sekaran et al. (2019), reliability and validity are crucial in quantitative investigations. However, Lincoln and Guba's (1985) four trustworthiness criteria are recognised in qualitative research as analogous to reliability and validity in quantitative research. It is vital to establish a research study's credibility and trustworthiness since they evaluate the study's quality and the likelihood of similar future investigations. Both reliability and validity, in general, contribute to the critical research quality criterion of trustworthiness (Lincoln and Guba, 1985). The reliability of observations or data is known as reliability, while the validity of interpretations of findings is known as validity.

Although there is no clear boundary between observations and interpretations in qualitative research, it is helpful for the researcher to distinguish procedural trustworthiness from the criteria used to measure the trustworthiness of interpretations (Stiles, 2013). The credibility dimension focuses on establishing the research's credibility by ensuring that the data collected and interpretations made are valid and trustworthy. The researchers used reliable data sources and appropriate research methods in the context of green procurement strategies and procurement decisions. Interviews with procurement managers from Unilever, Durban Headquarters were conducted, as well as data from reputable sources such as academic journals.

The stability and consistency of the research process and findings are referred to as dependability. This research study provided a clearly document of the research process, methodologies, and data collection procedures to improve dependability in the study of green procurement strategies and procurement decisions. This documentation made the study replicable, allowing other researchers to replicate the steps and validate the results. The extent to which a study's findings can be applied or generalised to other contexts or populations is referred to as transferability.

In the context of this study, the researcher considered how the specific characteristics of the studied area and population may be relevant or applicable to other regions within South Africa facing procurement decisions. Confirmability refers to the objectivity and neutrality of the research findings. Biases and personal beliefs that may influence data collection and interpretation was avoided by researchers. This process was validated by other researchers within the supply chain management department, using triangulation methods and engaging in reflexivity, in which the researchers actively reflect on their own biases and assumptions throughout the study.

3.5. Ethical Considerations

The researcher employed an interview schedule to collect data from study participants. The inference was that ethical issues needed to be addressed. The researcher initially obtained and followed the learning institution's ethical clearance, which detailed the guidelines, circumstances and prerequisites for the research. It is important to highlight that at the time this study was being concluded, the exact faculty where the study was done had not yet supplied an ethical clearance certificate with a reference number. The safety of the participants and the avoidance of unnecessary stress were always the primary priority of the researcher. It was made a priority to avoid unethical behaviour because it exposes participants and researcher in unfavourable ways.

Unethical activity has the potential to compromise the reliability and validity of the data collected (Hasan et al., 2021). Furthermore, among the ethical principles upheld during this work were privacy and confidentiality, informed consent, justice, autonomy, and beneficence (Hasan et al., 2021).

4. Results and Findings

The researcher wanted to learn more about the influence of green procurement strategy on procurement decisions. Questions in this research study were solely focused on the prevalence of sustainable procurement strategy, looking at the importance and influence on sustainable procurement. This information was crucial as the researcher analysed the necessity for Unilever South Africa's sustainable procurement policy.

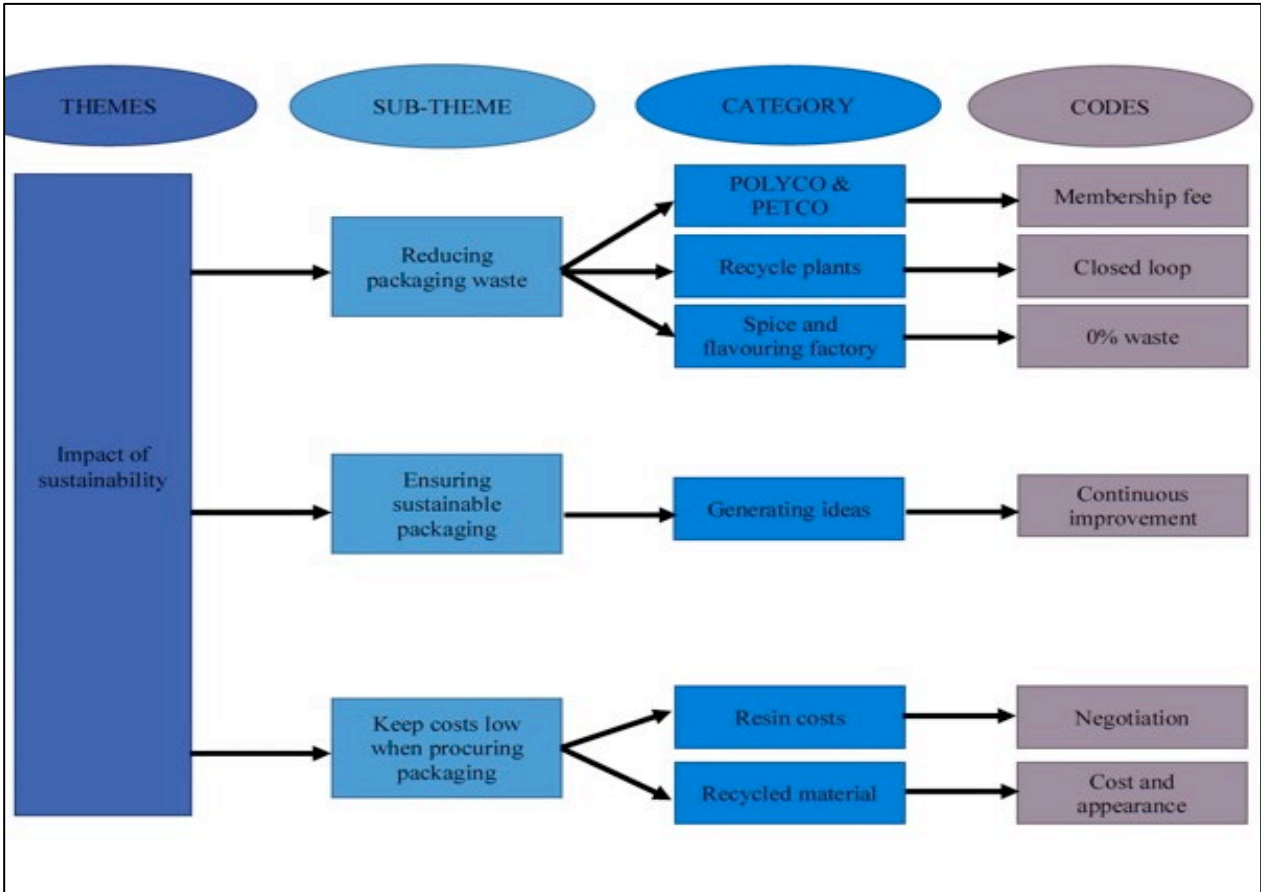


Figure 2: Map 1 – Theme 1: Impact of sustainability
Source: Authors construction

Sub-Theme 1: Reducing Packaging Waste

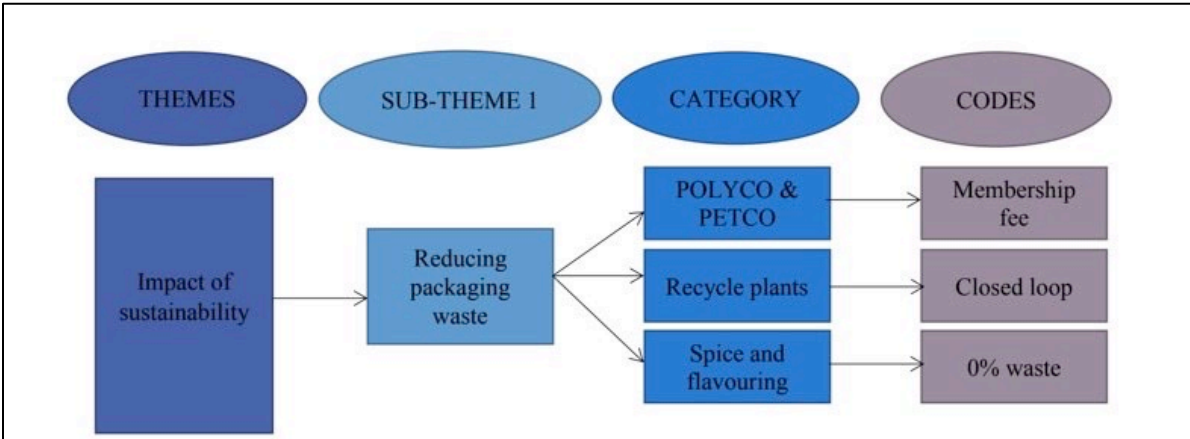


Figure 3: Analysis of Sub Theme 1
Source: Authors Construction

The objective of this sub-theme was to identify how the organisation can reduce its waste from packaging. There are many ways that this is being achieved, such as, through recycle plants.

Category and Codes

Categories that were identified include POLYCO and PETCO, recycle plants and spice and flavouring factory. The categories were identified by codes such as, membership fee, closed loop and 0% waste. It has been interpreted that suppliers of the organization are members of POLYCO. POLYCO focus on polyethylene, which is used in the organization resin. PETCO, focus on PET, this PET is used in the organization for products like Sunlight dish. This relates to the research question and objective of the prevalence of sustainable procurement of packaging materials, to determine if sustainability influences procurement decisions and the extent to which green procurement strategy affects an FMCG when making procurement decisions.

Extract from interview: “All of our suppliers are members of POLYCO in South Africa. Those that are very active in PET packaging are members of PETCO and those divisions are focused on doing research on how to treat and handle and come up with innovative ways to deal with waste. So POLYCO focuses on all your polyethylene which is your vast majority of Unilever resin that we use for bottles and everything. PETCO focuses on PET, which is mostly used for cool drink bottles but also for Sunlight dish.”

Interviewee 1

From the interview, it has been interpreted that suppliers pay a membership fee to be a part of POLYCO. This membership fee is how POLYCO can survive. Suppliers add this membership fee when it charges the organization a price. This relates to the research question and objective of the prevalence of sustainable procurement of packaging materials, to determine if sustainability influences procurement decisions and the extent to which green procurement strategy affects an FMCG when making procurement decisions.

Extract from interview: “So our suppliers are all members of that, and you basically must pay a membership fee and that’s how POLYCO survive. So, for every ton of resin that you purchase you need to pay a certain amount of money. What most suppliers have done is that they have included that membership fee to the price of our package.”

Interviewee 2

Two of the organization suppliers have invested in recycle plants to help with reducing waste. These suppliers are now using its own waste by recycling it and using it internally in the business. This relates to the research question and objective of the prevalence of sustainable procurement of packaging materials, to determine if sustainability influences procurement decisions and the extent to which green procurement strategy affects an FMCG when making procurement decisions.

Extract from interview: *“Two of our suppliers have invested in recycle plants as well and they are taking*

their own waste from their own systems in making plastic generated waste like in any other supply chain process there is always waste. They take their own waste and recycle that back for the use internally. These suppliers have eliminated their waste to landfill by opening these plants.”

Interviewee 3

The organization spice and flavouring factory also contributes to reducing packaging waste. The factory is now carbon neutral. This has resulted in there being zero waste to landfills. There is also a water filtration plant on site, so water gets treated and reused as many times as possible. It has been interpreted that the organization is investing a lot of money into going as green as possible, with projects such as solar panels at warehouses. This relates to the research question and objective of the prevalence of sustainable procurement of packaging materials, to determine if sustainability influences procurement decisions and the extent to which green procurement strategy affects an FMCG when making procurement decisions.

Interviewee 4

Extract from interview: *“There is a project going on in Johannesburg where we are putting solar panels on our big warehouse in Boksburg. Those solar panels will be sufficient to run the warehouse and one of our factories of solar power.”*

Sub-Theme 2: Ensuring Sustainable Packaging

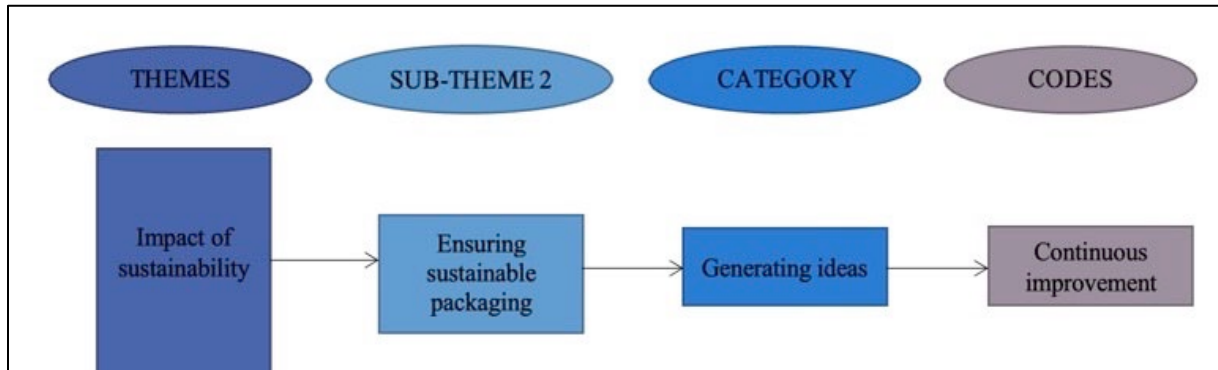


Figure 4: Analysis of Sub Theme 2

Source: Authors Construction

This sub-theme looks at what measures the organisation takes to ensure sustainable packaging for its products. There will always be ways to improve packaging and it is all about finding new ideas to be more sustainable.

- **Category and Codes**

Generating ideas has been identified as the main category. Generating ideas has been identified using the code, continuous improvement.

In South Africa, bio resin has many issues. It has been interpreted that due to these issues it becomes

difficult to reach a certain level of full sustainability. However, the organisation is still trying to find ways to achieve more sustainability even though bio resin availability is a problem. This relates to the research question and objective of the prevalence of sustainable procurement of packaging materials, to determine if sustainability influences procurement decisions and the extent to which green procurement strategy affects an FMCG when making procurement decisions.

Interviewee 1

Extract from interview: *“It is difficult to push it to full sustainability in South Africa because of all the bio resin issues we are having. It is about looking at a pack and going, can we make this pack more efficient by using less plastic. Unilever has very good attitude in looking at something and going, can this bottle give us what we want from it, in terms of protecting our product by not being excessive in any way. We optimise, we tweak and redesign bottles. Unilever has been doing this for a long period of time”.*

Sub-Theme 3: Keep Costs Low When Procuring Packaging

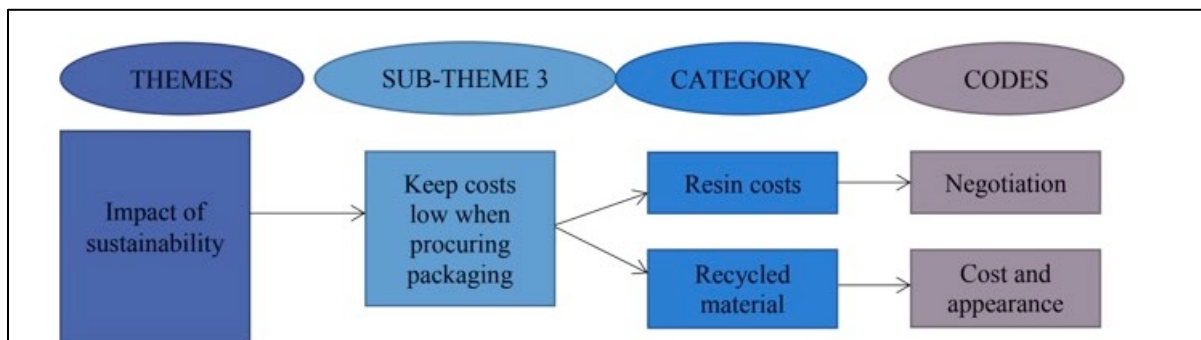


Figure 5: Analysis of Sub Theme 3

Source: Authors Construction

The categories that were identified were resin costs and recycled material. Negotiation and cost and appearance were used as codes to identify the categories. It can be interpreted from the interview that the organization places a lot of emphasis on negotiation when it comes to resin costs. The organization has a good estimate of what resin should cost and therefore is able to try and get the best possible price that is available. This relates to the research question and objective of the prevalence of sustainable procurement of packaging materials, to determine if sustainability influences procurement decisions and the extent to which green procurement strategy affects an FMCG when making procurement decisions as well as the challenges that are experienced when procurement packaging.

Extract from interview: *“We negotiate! We talk to suppliers and have a good understanding of what recycled resin should cost. You must understand their processes and their cost bases as well you must understand the competitive landscape of the recycled resin and if you feel that if one is more expensive than the other you can measure them against the competition. You can challenge suppliers by going to*

other competitors who have cheaper prices. It is also about understanding what drives the cost”.

Interviewee 1

The organisation also uses recycled material when producing packaging. This recycled material helps the organisation to decrease its costs and expenses. This relates to the research question and objective of the prevalence of sustainable procurement of packaging materials, to determine if sustainability influences procurement decisions and the extent to which green procurement strategy affects an FMCG when making procurement decisions.

Interviewee 2

Extract from interview: *“In South Africa, we are very fortunate that recycle material is still cheaper than virgin material. Other countries are investing more to be sustainable because their recycled resin is more expensive”.*

It has been interpreted that the risk with recycled material is that the appearance is not as good as using virgin material.

Interviewee 3

Extract from interview: *“If you invest in recycled material, you run the risk of changing the appearance of the packaging, because recycled material will never look like virgin material”.*

5. Managerial Implications

The purpose of this research is to investigate the influence of a green procurement strategy on procurement decisions at Unilever South Africa. The analysis and assess the extent to which Unilever South Africa has implemented a green procurement strategy and how they integrated sustainable practices into its procurement decision. Even though Unilever is one of the largest Fast Moving Consumables goods firms in South Africa, the Unilever procurement team must implement quality efforts to ensure continual improvement in their current procurement procedures through research and development. Other researchers have also provided recommendations and shared their perspectives on the previously listed issues. Adopting the recommended recommendations could help the Unilever procurement department reduce the implement green procurement strategies to enhance their procurement decisions when addressing sustainable concern, allowing for more effective and efficient sustainable purchasing.

These implications can help Unilever South Africa and other firms improve their procurement procedures and drive sustainable practices. Managers should make the incorporation of sustainability principles into purchase choices a top priority. This includes considering the environmental and social impact of suppliers, materials, and modes of delivery. Organisations can align their procurement decisions with their sustainability goals by establishing clear rules and evaluating suppliers based on sustainability performance (Ramanathan, Subramanian, & Mathirajan, 2018).

It is critical to establish collaborative partnerships with suppliers to effectively implement a green procurement strategy. Managers should collaborate with suppliers to encourage sustainable practices, knowledge sharing and innovation. Organisations can secure the availability of sustainable materials, promote responsible procurement, and cooperatively develop environmentally friendly solutions by working closely with suppliers (Arlbjørn, Freytag, & Frosch, 2017).

Procurement managers must handle the possible dangers of a green procurement strategy. Assessing the dependability and capacity of environmentally friendly suppliers, maintaining proper supply chain transparency, and taking measures to minimise theft, damage and other transportation accidents are all part of this. Robust risk management processes and contingency plans can assist prevent potential procurement operations disruptions (Diabat & Govindan, 2011).

It is also imperative to establish performance monitoring and reporting tools to track the impact of a green procurement strategy. Key performance indicators (KPIs) should be developed by managers to track environmental and social results, cost savings, supplier compliance and other relevant measures. Regular reporting and communication of progress can help internal and external stakeholders understand the benefits of the green procurement strategy (Ramanathan et al., 2018).

Green procurement managers should encourage a culture of continual improvement. This includes reviewing and revising procurement policy on a regular basis, involving staff in sustainability projects, and utilising technology for improved data collecting and analysis. Organisations may achieve innovation, cost reduction, and enhanced efficiency in their procurement processes by consistently finding possibilities for improvement (Walker, Di Sisto & McBain, 2008).

6. Conclusions, Limitations and Future Research

The purpose of this study was to examine the specific case of Unilever South Africa, this study contributes to the existing body of knowledge on the impact of green procurement strategies on procurement decisions, particularly within the Fast-Moving Consumer Goods (FMCG) industry. The findings and recommendations of this research can inform Unilever South Africa and other organisations in the FMCG sector about the potential benefits, challenges, and best practices associated with implementing a green procurement strategy. The researcher confirmed that the study achieved its aims and objectives and presented detailed justifications for statements using qualitative data.

Future study can investigate the role of stakeholder engagement in a green procurement strategy's success. This entails investigating how Unilever South Africa works with suppliers, consumers, employees, and local communities to promote sustainable practices throughout the supply chain. Investigating the efficacy of stakeholder engagement techniques and strategies in promoting green procurement and addressing the interests and concerns of various stakeholders might yield useful information.

The collaborative features of green procurement across the supply chain can be investigated through research. Investigating the extent of collaboration between Unilever South Africa and its suppliers, as well as examining systems for information sharing, innovation, and cooperative sustainability initiatives, are all part of this. Examining the effects of supply chain collaboration on environmental performance, cost savings, and overall supply chain resilience can aid in identifying best practices for effective collaboration in green procurement strategy implementation.

Future study can also explore how future technologies like blockchain, the Internet of Things (IoT), and artificial intelligence (AI) can help with green procurement decisions. Investigating how these technologies can improve traceability, transparency, and monitoring of sustainability requirements in procurement processes can yield useful results. Understanding the possibilities of digital platforms and data analytics in optimizing green buying decisions can also lead to more efficient and effective sustainable practice implementation.

Future research on the influence of a green procurement strategy on procurement decisions at Unilever South Africa should explore various dimensions, including stakeholder engagement, supply chain collaboration, emerging technologies and social impact measurement. By addressing these research areas, researchers can gain deeper insights into the effectiveness of green procurement strategies, identify best practices, and develop recommendations for Unilever South Africa and other organizations aiming to enhance their sustainability efforts.

REFERENCES

- Arlbjrn, J. S., Freytag, P. V., & Frosch, M. M. (2017). The role of green public procurement in fostering green innovation: A systematic literature review.
- Balta-Ozkan, N., Davidson, R., & Bicket, M. (2013). Sustainable procurement in practice: Lessons from local government. *Local Environment*, 18(4), 452-463.
- Chamberlain, A. (2016) Sustainability management system: The Triple Bottom Line. Available: <http://info.eraenvironmental.com/blog/bid/40788/Sustainability-management-system-The-Triple-Bottom-Line>.
- Diabat, A., & Govindan, K. (2011). An analysis of the drivers affecting the implementation of green supply chain management. *Resources, Conservation and Recycling*, 55(6), 659-667.
- Hall, T. (2011) The Triple Bottom Line: What Is It and How Does It Work? Available: <http://www.ibrc.indiana.edu/ibr/2011/spring/article2.html>
- Hasan, N., Rana, R.U., Chowdhury, S., Dola, A.J. and Rony, M.K.K. (2021). Ethical Considerations Research. *Journal of Nursing Research, Patient Safety and Practice*, 1(11), pp.1-4. <https://doi.org/10.55529/jnrpsp11.1.4>.
- Jack, L. (2016) Why Unilever Is Betting Big on Sustainability. Available: <http://www.fastcocreate.com/3051498/behind-the-brand/why-unilever-is-betting-big-on-sustainability>.
- Lam, J. S. L., & Yik, F. W. H. (2018). Green purchasing practices of Chinese companies: An analysis of institutional drivers. *Journal of Purchasing and Supply Management*, 18(4), 246-256

- Lincoln, Y.S. & Guba, E.G. (1985) *Naturalistic inquiry*, 1st ed., Beverly Hills, CA: Sage.
- Meehan, J. & Bryde, D. (2011) *Business Strategy and the Environment*, Vol. 20.
- Mukhtar, W. (2016). Impact of eBusiness technologies on operational performance: The role of production information integration in the supply chain. *Journal of Operations Management*, 25(6), 1199-1216.
- Ramanathan, U., Subramanian, N., & Mathirajan, M. (2018). Green procurement practices and organizational performance: An empirical investigation. *International Journal of Production Economics*, 200, pp. 330-341.
- Saunders, M., Lewis, P. & Thornhill, A. (2019). *Research Methods for Business Students*. 8th ed. Harlow: Pearson.
- Savitz, A.W. & Weber, K. (2006). *The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social and Environmental Success—and How You Can Too*, Wiley: Jossey-Bass.
- Sekaran, U. (2016) *Research methods for business: A skills building approach*, 6th ed., New York: John Wiley & Sons.
- Shin, H., & Tunca, T.I. (2017). Do Firms Invest in Forecasting Efficiently? The Effect of Competition on Demand Forecast Investments and Supply Chain Coordination. *Operations Research Journal*, 58(6), 230 -250.
- Siongok, H. & Noor, M. (2016). Integrating theory of constraints and particle swarm optimization in order planning and scheduling for machine tool production. *International Journal of Advanced Manufacturing Technology*. vol. 10, no. 5, pp. 230 – 250.
- Sustainable Packaging Alliance. (2002). *Towards Sustainable Packaging*, Vol. 2.
- Trebilcock, B. (2014). Unilever partners to win. [online], available: http://www.scmr.com/article/unilever_partners_to_win
- Thompson, F. (2017). The impact of green supply chain management in small to medium enterprises: Cross-sectional evidence. *Journal of Transport and Supply Chain Management*, 1(4), 270.
- Tukuta, M., & Saruchera, F. (2015). Challenges facing procurement professionals in developing economies: Unlocking value through professional international purchasing. *Journal of Transport and Supply Chain Management*, 9(1), 150 – 200.
- Unilever. (2016) *Waste & packaging*. Available: <https://www.unilever.com/sustainable-living/the-sustainable-living-plan/reducing-environmental-impact/waste-and-packaging/>.
- Uyarra, E., & Flanagan, K. (2010). Understanding the innovation impacts of public procurement. *European Planning Studies*, 18(1), 123-143.
- Vorosmarty, G., Dobos, I. & Tatrai, T. (2011). Sustainability issues in Purchasing and Supply Management, *Eco-Efficiency in Industry and Science*, 27.
- Wagner, N. (2016) *SWOT Analysis for Biodegradable Packaging*. [online], available: <http://smallbusiness.chron.com/swot-analysis-biodegradable-packaging-68037>.
- Walker, H., Di Sisto, L., & McBain, D. (2018). Drivers and barriers to environmental supply chain management practices: Lessons from the public and private sectors. *Journal of Purchasing and Supply*.