

Working Paper 2023.2.1.5

- Vol 2, No 1

PHÂN TÍCH HOẠT ĐỘNG MUA HÀNG XANH CỦA IKEA VÀ BÀI HỌC KINH NGHIỆM CHO DOANH NGHIỆP VIỆT NAM

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Tóm tắt

Đầu thế kỷ 21, các vấn đề môi trường và nhận thức toàn cầu đã được nhiều doanh nghiệp chú trọng. Vì vậy, nhiều nỗ lực đã được thực hiện để thích ứng với cuộc cách mạng xanh sắp tới. Nghiên cứu đi sâu vào phân tích kỹ lưỡng về các hoạt động mua hàng xanh của IKEA, làm sáng tỏ các chiến lược tìm nguồn cung ứng bền vững và nỗ lực của IKEA trong việc điều chỉnh các chính sách mua hàng của mình theo các nguyên tắc xanh, bao gồm tìm nguồn cung ứng vật liệu bền vững, sản xuất tiết kiệm năng lượng và giảm thiểu lượng khí thải carbon trong toàn bộ chuỗi cung ứng. Nghiên cứu chủ yếu tập trung vào việc sử dụng các phương pháp định tính để đánh giá hiệu quả của các sáng kiến này. Ngoài việc phân tích, nghiên cứu cũng sẽ tiến hành đánh giá nhằm khám phá điểm mạnh và điểm yếu của IKEA trong việc thực hiện chiến lược mua hàng xanh, và từ đó, đúc kết những khuyến nghị cùng bài học kinh nghiệm cho các doanh nghiệp Việt Nam.

Từ khóa: IKEA, mua hàng xanh, tính bền vững, bài học kinh nghiệm cho Việt Nam.

ANALYSIS OF IKEA'S GREEN PURCHASING AND LESSONS LEARNED FOR VIETNAMESE ENTERPRISES

Abstract

Early in the 21st century, matters surrounding the environment and global awareness have been widely acknowledged by many businesses. Therefore, efforts have been made to adapt with the upcoming green revolution. Our study delves into the thorough analysis of IKEA's green purchasing practices,

shedding light on its sustainable sourcing strategies and IKEA's efforts to align its purchasing policies with green principles, encompassing sustainable material sourcing, energy-efficient manufacturing, and minimizing carbon footprint throughout the supply chain. The research primarily focuses on using qualitative methods to assess the effectiveness of these initiatives. In addition to the analysis, more evaluation will be conducted in order to explore the strength and weaknesses of IKEA in implementing green purchasing strategies. Thus, any recommendations and lessons learned for Vietnamese companies will be concluded.

Keywords: IKEA, green purchasing, sustainability, lessons learned for Vietnam

1. Introduction

Growing concerns regarding global warming, energy self-sufficiency, and public health have led to increased interest in corporations' acquisition of "green" products and services, contributing to the development of a sustainable economy. Businesses are increasingly embracing sustainable practices, including environmentally responsible purchasing strategies. Among these businesses, IKEA, a global retail leader, has stood out for its commitment to sustainability. (Hannah Gullander, Sara Johansson & Sara Svensson, 2012).

IKEA is a significantly outstanding business in the field of "green purchasing". Previous researches into the case of IKEA focus on analyzing the green steps in its whole supply chain in, for instance, the research on "Sustainable supply chain management" of IKEA by Francine Laurin & Kamel Fantazy (2017). Other research mentioning IKEA as one of the "green purchasing" cases along with other companies in their paper to analyze these companies' strategies such as "Green Purchasing to Achieve Corporate Sustainability- Case study on Swedish large companies" by Wu Yuanqiao in 2008 or the paper "Exploring socially responsible purchasing in Swedish organizations" by Oksana Mont and Charlotte Leire in 2009. Few other papers take a closer look at the purchasing of IKEA as the main green initiative to study, such as the paper of Jiang, Yan & Jia, Fu & Gong, Yu. (2018) "IKEA: Global sourcing and the sustainable leather initiative".

Therefore, due to the success of IKEA in setting sustainable standards for the step of materials acquisition (Global Compact Network Georgia), this paper aims at a deeper study on those strategies used by IKEA to draw out lessons for sustainable purchasing in corporations. In addition, this paper takes further steps to recommend how to apply those lessons for Vietnam companies by assessing the current market for green purchasing and evaluating the compatibility of each strategy when implementing in Vietnam.

To sum up, this paper "**Analysis of IKEA's green purchasing and lessons learned for Vietnam**" focuses on IKEA's successful green purchasing strategies, aiming to uncover valuable lessons that can be learned from their experiences. By examining their practices and outcomes, this paper intends to provide practical guidance for businesses in Vietnam seeking to implement sustainable purchasing methods.

2. Theoretical framework

2.1. Definition and characteristics of green purchasing

2.1.1. Definition of green purchasing

Green purchasing refers to the purchasing process that takes environmental and social consequences into account. This encompasses actions aimed at reducing negative impacts on the environment in every step of the supply chain that is related to purchasing (Hannah Gullander et al., 2012). Specifically, green purchasing controls the goods and services that enter a company so that those goods and services comply with certain codes of conduct to reduce the environmental footprint. In other words, green purchasing requires suppliers to follow the buyer's own standards, spreading the sustainable practices larger, which is named "reverse logistics" (Wu Yuanqiao, 2008).

2.1.2. Characteristics of green purchasing

According to a report for congress meeting on green procurement, companies need to evaluate products and services based on comprehensive criterias to determine whether to acquire them, which include following factors: impact, cost, performance and life-cycle analysis (Eric A. Fischer, 2010)

Impact:

To comprehensively assess impact, one must integrate the individual effects of inputs and outcomes across all lifecycle stages. Consideration of reversibility is essential, acknowledging that certain pollutants persist longer in the environment and ecosystems vary in their recovery rates.

Cost:

Cost evaluation goes beyond price, encompassing total lifecycle expenses. Rather than relying solely on price, green purchasing uncovers hidden costs like disposal, and indirect ones such as medical bills. An illustration involves the New York Department of Sanitation rejecting a seemingly pricier environmentally superior cleaning fluid due to incomplete cost consideration, which would have shown potential savings (Eric A. Fischer, 2010). Furthermore, externalities, such as erosion impacts from agroforestry affecting fisheries and water supplies, can generate broader costs not reflected in the product price, unaccounted for by purchasers.

Performance:

Performance gauges how effectively a product or service fulfills its intended functions. While reducing impacts is vital, if it sacrifices performance, acquisition might not be cost-efficient. A prevalent notion is that green options are pricier and less efficient. Yet, green procurement often results in superior performance products, countering this perception.

Life-cycle analysis:

In green procurement, a comprehensive analysis involves integrating evaluation criteria across green factors and life cycle stages. This is achieved through a life cycle assessment (LCA), which examines environmental impacts from creation to disposal. LCA ensures the consideration of interactions and trade-offs between factors and phases in the life cycle.

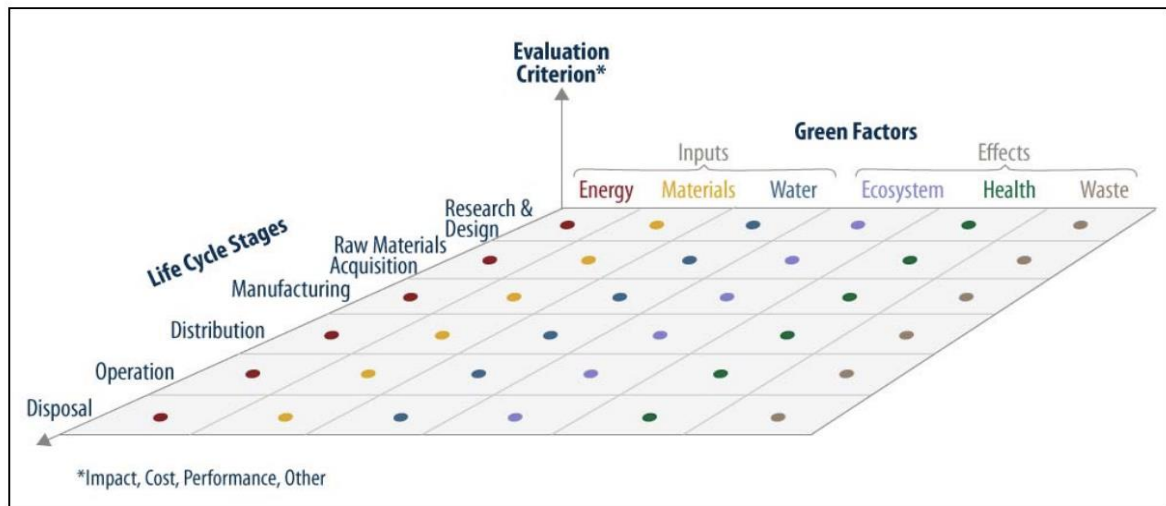


Figure 1. Dimensions of Green Procurement and Relationships among Major Elements

Source: Eric A. Fischer (2010)

2.2. Reasons for applying green purchasing

Companies engage in green purchasing for varied reasons. Drumwright categorized two main motivations for companies' involvement in green purchasing (Sarkis, 2006):

Strategic CSR Approach:

Green purchasing is employed as an outcome of corporate socially responsible strategies. When a company embraces corporate social responsibility, it often initiates green purchasing initiatives. This is due to the significant impact of suppliers' environmental and social performance on the company's reputation and overall performance (Bacallan, 2000).

Business Motivation:

Green purchasing can be driven by business considerations, either as an advantageous opportunity or in response to external pressures. Studies indicate that firms can gain a competitive edge by establishing a sustainable supply chain, creating a potential competitive advantage (Markley and Lenita, 2007).

Green purchasing not only ensures environmentally friendly products and services within a company but also encourages suppliers to develop such offerings. It extends sustainability requirements upstream, fostering the creation of a green supply chain spanning from material extraction to end-users, promoting sustainable environmental and social practices throughout the product life cycle.

2.3. Green purchasing strategies

Wu Yuanqiao has summarized the green purchasing strategies stated by Sarkis in 2006 as following (Wu Yuanqiao, 2008):

- a. Product Content Requirements: Buyers seek products with favorable environmental attributes.
- b. Product Content Restrictions: Buyers demand products devoid of harmful environmental attributes.

- c. Product Content Labeling or Disclosure: Buyers insist on transparency regarding the environmental or safety characteristics of product components.
- d. Supplier Questionnaires: Buyers request environmental information from suppliers.
- e. Supplier Environmental Management System (EMS): Buyers mandate suppliers to possess a certified EMS or develop one adhering to recognized international standards like ISO14001.
- f. Supplier Compliance Auditing: Buyers assess suppliers' compliance with environmental standards.
- g. Supplier EMS Auditing: Buyers evaluate both compliance status and suppliers' EMS effectiveness.
- h. Buyer-Defined Compliance Standards: Buyers formulate their own environmental criteria for suppliers to meet.
- i. Product Stewardship: Buyers take responsibility for managing products' environmental impacts throughout their life cycles.
- j. Education and Collaboration: Buyers educate suppliers about environmental matters and collaborate to solve environmental issues.
- k. Industrial Ecology: Buyers collaborate with suppliers and customers to establish integrated systems for recycling and reusing materials within an industrial ecology framework.

3. Analysis of IKEA's green purchasing

3.1. Overview of IKEA group

IKEA is a globally recognized home furnishing retailer. The brand name was taken after the initials of founder Ingvar Kamprad, Elmtaryd - the farm on which he grew up, and Agunnaryd - the nearby village. It has grown rapidly since it was founded in 1943.

IKEA's history of formation:

- In 1943, the first IKEA sold small household goods like pens, wallets, and frames for pictures.
- In 1945, Kamprad was using milk trucks to deliver his products. Two years later, he started selling furniture made by local manufacturers. Kamprad made the mail order catalog an essential part of IKEA's business from the start.
- In 1951, Ingvar Kamprad launched the iconic IKEA catalog. The prices were so low that people were skeptical about the quality of the furniture. Therefore, Kamprad converted an old workshop into a showroom to display his furniture.
- In 1953, Kamprad solved the problem of the expense of shipping large furniture when he took the legs of a coffee table so it could be packed flat. From that point on, as many products as possible were packed in this manner. It saved customers and IKEA money to pack items this way.
- In 1955, Kamprad's concept was complete. He designed, produced, showcased, flat-packed, and sold his own furniture all in-house. That is the driving idea behind IKEA.

IKEA's worldwide expansion

The first stores outside of Sweden were opened in Norway in 1963 and Denmark in 1969. From there, it was only a matter of time before IKEA conquered Europe. A few years later, its first store outside of Scandinavia opened, and over the next decade, IKEAs were popping up worldwide in countries like Japan, Australia, and Canada, where crowds lined up for grand openings. Germany is IKEA's biggest market with 53 stores, followed by the US with 51. Today, with 433 stores in 38 countries, it is the world's largest furniture retailer, recognized for its Scandinavian style.

3.2. Current situation of IKEA's green purchasing

3.2.1. Green utilization of production materials and supplier assessment for sustainable selection

a) Green selection and exploitation of production materials

IKEA is one of the leading and passionate companies that adopt the use of green materials (IKEA Sustainability Report, 2016). The group released a new strategy, "People & Planet Positive" mapped by the UN Sustainable Development Goals, in 2012, setting its goal towards Circular & Climate Positive by regenerating resources and ensuring that all key home furnishing materials are renewable, recyclable or recycled (Businesswire, 2012).

Offering home furnishing products, IKEA mainly uses raw materials such as wood, wool, cotton, glass, etc. in the production process to ensure the goal of sustainable supply chain - environmental protection (IKEA, 2023). According to the IKEA Sustainability Report, in 2021, nearly 60% of the materials were renewable, while 17.3% were recycled. The group sets strict policies and plans for its material selection and procurement:

- IKEA places a high importance on purchasing transparency. The group strives to identify the origin of production materials and guarantee that they are obtained ethically and responsibly, which may entail avoiding those linked to illegal logging, deforestation, unwanted genetic modification in the agricultural sector or the other unethical actions (IKEA, 2023).

- IKEA applies the strictest market's environmental laws and requirements as a minimum baseline for substances used in its materials when evaluating the environmental impact of the production materials (Heidi Owens, 2008). Safer alternatives such as ultraviolet (UV) - hardened and water-based lacquers have taken the place of acid curing lacquers used in wood or metal (Heidi Owens, 2008). Belows are the general requirements applied for all IKEA's materials:

Table 1. General chemical compounds and substances requirements for all materials

Substance	Requirements
Biocides of all kinds	Biocides are not allowed to be used without approval from IKEA.
Cadmium (Cd) and its compounds	Not allowed to be used. Contamination limit value: 40mg cadmium/kg.
CMR substances (category	CMR-substances and SVHC are not allowed to be used.

1A or 1B) and Substances of Very High Concern (SVHC)	Contamination limit value: 0.10%.
Fragrances	<p>Fragrances, perfumes and masking agents are not allowed to be used without approval from IKEA.</p> <p>It is not allowed to use any hazardous waste in any materials for IKEA products unless this is in accordance with permits from competent authorities for the recycling of such hazardous waste.</p> <p>Examples of hazardous waste not allowed (note, not complete list):</p> <ul style="list-style-type: none"> ● Waste oil, ● Recycled plastic from electronic products that contains brominated flame retardants, ● Recycled wood chips from any kind of preservative-impregnated wood, e.g. creosote-containing railway sleepers and telephone poles, ● Radioactive metal scrap.
Hazardous waste in material that contains any proportion of recycled material	
Lead (Pb) and its compounds	<p>Not allowed to be used.</p> <p>Contamination limit value: 90mg lead/kg.</p>

Source: IKEA of Sweden AB, 2016

- IKEA phases out materials that are harmful or potentially hazardous to the environment and human health and tries to use more environment-friendly ones in its sustainable supply chain. It also discontinues the use of PVC (Polyvinyl chloride) for production and increases the utilization of bamboo or paper in its supply chain as a solution for a more circular capability (IKEA Climate Report, 2021).

IKEA also participates in regenerating these materials with the aim of a long-term healthy ecosystem and living environment. The group has invested heavily in sustainable forestry through working with organizations such as Global Forest Watch, World Wildlife Fund (WWF),... (IKEA, 2023). For over a period of 20 years, IKEA has funded the “Sow a Seed” project (1998) and successfully restored about 18,500 hectares of rainforest in Borneo (The Retail Bulletin, 2021). In March 2021, IKEA joined forces with EU citizens and 170 other food enterprises to call for a phase-out of cage use in animal farming and always ensure that its animal-based materials are sourced and ethically treated for production (IKEA Sustainability Report, 2021).

b) Supplier assessment and choice for sustainable selection

IKEA has built a wide range network of suppliers all over the world. In the late 1990s, the group had more than 2,000 suppliers, but by 2009, that figure had dropped to 1400, and by 2014, only 1005 suppliers maintained cooperative relationships with IKEA (Logistician, 2022). The reason for the trend of a declining number of suppliers during the time is the increasingly more stringent selection of suppliers in order to ensure that IKEA's material partners meet IKEA's requirements and standards in terms of price, quality, and supplier's environmental performance according to the green approach IKEA is putting into practice.

The risk assessment process involves multiple stages and different data sources to make sure that the supplier adheres to IKEA's sustainability goals and green purchasing's standards:

- **Pre-qualification and preliminary screening:**

- IKEA starts by assessing the fundamental data about the new supplier, such as its location, production capacity, and the materials it offers.
- Pre-qualification questionnaires that gather basic information on the supplier's business practices and sustainability initiatives may need to be filled out.

- **Supplier self-evaluation:**

- Frequently, suppliers are required to submit extensive self-evaluation forms. These inquiries encompass a range of topics related to the supplier's activities, such as labor conditions, social responsibility, environmental standards, and compliance with IKEA's Supplier Code of Conduct and IWAY criteria.
- The supplier's commitment to sustainability and whether its methods meet IKEA's objectives are initially understood through the self-assessment.

- **Auditing and inspecting on-site:**

- The facilities of the supplier are inspected on-site by IKEA audit teams or outside auditors.
- Auditors examine elements consisting of work conditions, health and safety procedures, waste management, and adherence to certifications and standards that are pertinent.

- **Risk assessment:**

- IKEA evaluates the risks involved in working with the supplier. Analyzing potential hazards associated with the supplier's operations on the environmental, social, and ethical levels is necessary.
- Risks are assessed according to how they might affect IKEA's sustainability objectives and reputation.

- **Analysis of performance data:**

- IKEA examines the performance information provided by the supplier, including measurements for energy usage, greenhouse gas emissions, water consumption, trash creation, and other pertinent sustainability factors.
- Performance information sheds light on the supplier's prior dedication to sustainable practices.

- **Standardization and certifications:**

- Suppliers who have the appropriate certifications such as ISO 14001 for environmental management or social compliance certificates and who adhere to recognized sustainability criteria are given preferential treatment.

- **Green plan over the long term:**

- IKEA evaluates the supplier's approach to long-term sustainability. This involves assessing the supplier's intentions for innovation, continual development, and compatibility with IKEA's sustainability objectives.

- **Collaboration and innovation:**

- Suppliers who are open to collaboration and innovation in terms of green procedures and materials are valued by IKEA.

- This could entail utilizing eco-friendly materials, improving production techniques, and lessening the impact on the environment.

Source: IKEA, 2023

With a thorough and comprehensive risk assessment process, IKEA can ensure that its suppliers meet all the company's requirements and criteria for green material offering and the flow of a consistent and sustainable supply chain can be maintained for a long run.

3.2.2. IKEA supplier management and control code – IWAY

IWAY – the IKEA supplier code of conduct

In recent years, IKEA has undergone a significant transformation in its business strategy, transitioning from a predominantly sales-focused approach to a more purchasing-oriented strategy. Suppliers of products and services play an important role in IKEA's supply and operations activities. Historically, IKEA would communicate its expectations and requirements regarding quality, service, pricing, and environmental responsibility to suppliers. However, with the new strategy, IKEA has shifted towards a collaborative approach, actively collaborating with suppliers to jointly develop solutions and address the aforementioned challenges. Therefore, in the supplier selection process, it always chooses carefully to ensure that all its suppliers comply with ethical and environmental standards. To achieve this goal, in 2000, IKEA launched the IWAY, which stands for "The IKEA Way on Purchasing Home Furnishing Products," or "IKEA way for responsibly procuring products, services, materials and components" (IKEA Supply AG, 2012). It is a comprehensive code of conduct and set of requirements developed by IKEA with the purpose of providing a framework for ensuring that the items that IKEA sources and manufactures adhere to the highest standards of sustainability, social responsibility, and ethical business practices. First and foremost, legal compliances demand that IKEA suppliers abide by and satisfy obligations established by the IKEA WAY or other pertinent applicable national laws. Business ethics also have an impact on IWAY's core values of honesty, integrity, and trust, which are essential for adopting sustainability successfully. It includes 14 general sections, being subdivided into more than 90 specific items, which establishes the expectations that suppliers can anticipate from IKEA and the specific requirements that IKEA imposes on suppliers. (IKEA, 2012).

IWAY staircase model

Since the organization's organizational system is primarily focused on the execution of IWAY standards, in particular on the production and operation of suppliers, IKEA develops a four-step process with IWAY as its core component, called IWAY Staircase Model (Figure X).

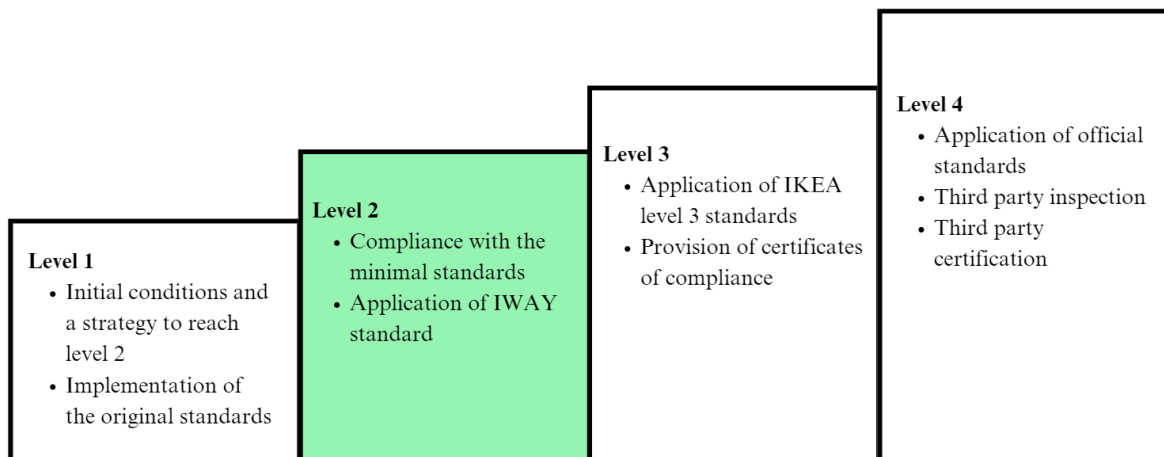


Figure 2. IWAY Staircase Model

Source: IKEA, 2002

This model provides a structured approach to engage with suppliers, communicate expectations, assess compliance, and drive continuous improvement in social and environmental performance. In which, IWAY specifications are built on four levels, which are Must, Basic, Advanced, and Excellent, respectively. More description of the model, the initial level, referred to as IMust requirements, outlines the specific criteria that suppliers must fulfill before making their first delivery to IKEA. IKEA establishes initial criteria encompassing environmental considerations, working conditions, and other relevant factors that potential suppliers must meet before engaging in a business partnership with IKEA. Moving on to level 2, suppliers are required to adhere to the IWAY standards pertaining to environmental practices, social and working conditions, as well as specific criteria related to forestry and farming, particularly for timber and cotton suppliers. Upon successfully progressing to the third stage, suppliers are eligible for IKEA certifications if they satisfy the prescribed benchmarks, which necessitate maintaining higher standards in addition to those initially outlined at level 1 and level 2. Furthermore, suppliers are expected to formulate objectives and plans aimed at continuously improving their performance. Finally, if the supplier has the ability to ensure that it meets global standards such as ISO 14000 environment, then IKEA will certify the supplier as level 4.

3.2.3. IKEA's comprehensive due diligence system

IKEA is aware that daily compliance monitoring is crucial. To verify if the principles of IWAY are followed or not, IKEA conducts audits of its suppliers. Most IWAY verification tasks at IKEA's suppliers are completed by teams of approved IWAY auditors that work for the company. Independent third-party audits serve to support these actions even further. Indirect suppliers who are physically present at the supplier's site are also included in IWAY audits to guarantee that every link in the supply chain complies with the standards. IKEA provides funding for all verification efforts. As a result, IKEA receives firsthand knowledge of the methods used by its suppliers via performing audits, enabling it to provide assistance as needed.

Every IWAY verification process is guided by the principles of integrity, confidentiality, impartiality, objectivity and evidence. IWAY auditors are in charge of correctly and truthfully recording and reporting findings. No verification is the same since IKEA's objective has always been identifying risks or issues and assisting suppliers in implementing lasting adjustments to perform better.

Here is a description of the normal IWAY verification procedure:

- **Preparation:** An IWAY auditor prepares by gathering details about the supplier, such as the supplier's operations' size, number of employees, languages spoken by those employees, etc. The IWAY auditor looks over past IWAY verification reports and gap assessment documents, collects data from the relevant IKEA business team on how the supplier performs on other business-related issues, and researches publicly accessible data on the supplier.

- **Announcement of reviews:** The IWAY audit may be announced or unannounced, and it can cover all IWAY standards or just a few of them. Normally, the dates and the scope of the assessments are often announced, which means that the supplier is informed a few weeks in advance. There are situations where a review is conducted unexpectedly and without notification beforehand.

- **Site visit:** A site visit may be required for verification. When appropriate, the site tour includes both indoor and outdoor regions as well as important locations for IWAY, such as rest places, workplaces, loading and unloading bays, warehouses, manufacturing lines, chemical storage facilities, maintenance areas, etc. They also pay attention to other places that employees utilize, such as the canteen and rest spaces. If the supplier has an effluent treatment facility or waste sites, those will be included in the site tour since they may have an adverse effect on the environment. The site tour during an audit for a company that offers the customer delivery services may involve going to loading bays, warehouses, examining vans or trucks, drivers' rest quarters, outdoor areas, etc.

- **Worker interviews:** Employee interviews provide information that is utilized to increase the audit's emphasis on particular areas. Auditors ask the employees questions on IWAY requirements during a private, confidential interview. For example, if a number of employees are unsure of what to do during an evacuation drill, the IWAY auditor will also check to see if the supplier has written procedures in place and drills have been conducted while the employees interviewed were not present.

- **Data access:** The auditors have the rights to access all IWAY related documentation and records from the suppliers, administrative data, can inspect every section of the supplier's facilities, and can view worker data while doing evaluations. The strictest confidentiality is maintained at all times, and no copies of any papers are ever taken. With the supplier's acceptance, the auditor is allowed to take pictures.

- **Process review:** In order to comprehend the supplier's system, practices, and implementation methods, a process review is also part of the verification process.

Source: IKEA, 2023

After the process of verification with extensive preparation and assessment, a comprehensive audit which results will significantly impact the future business relationship between the supplier and IKEA (Stefano, 2023). Several days following the evaluation, the supplier is given access to the

review report. Based on the situation and the suppliers' response, IKEA initiates follow-up actions accordingly:

- **Non-compliance with IWAY Basic requirements:** The supplier is responsible for carrying out a root cause analysis of the non-compliance, creating a plan for corrective action, and putting that plan into practice to make the non-compliance right within a certain time frame and prevent it from happening again. The IWAY auditor approves the corrective action plan and evaluates (on-site or remotely) the supplier's successful implementation within the given time frame to confirm that the supplier has closed all corrective actions and is in compliance with IWAY criteria. (IKEA, 2023).

- **Non-compliance to IWAY Must requirements:** The most crucial criteria of the standard are the IWAY must requirements. Delivery interrupts or other negative business effects occur when IWAY Must standards are not met and an immediate response from the supplier is required, as well as an immediate eradication of the reasons. Only when the IWAY Must non-conformity is resolved or a corrective action plan is approved, this stop is removed.

- **Unimplemented corrective actions:** If the supplier does not take the corrective steps or does not resolve the issues in a reliable and consistent manner to achieve the requirements in accordance with the specified dates, IKEA may apply business penalties, such as phasing out the supplier, stopped orders, not renewing contracts, suspensions, and/or sudden termination of contracts.

- **Maintaining compliance:** Throughout the term of the contract, the supplier must constantly maintain IWAY compliance for all the workers who are directly or indirectly involved with the goods, materials, or services they deliver to IKEA. Always make sure IWAY maintenance is done at subcontractors. Teams from IKEA will also monitor the supplier's actions to ensure that non-compliance never occurs again and will help the supplier implement IWAY

Source: Inter IKEA Systems, 2019

3.3. Outcomes of IKEA's green purchasing

IKEA's green purchasing activities have been evaluated positively by several organizations, such as Greenpeace and the Carbon Disclosure Project (CDP). Thanks to its solutions for green purchasing, IKEA has achieved these following results:

- **Reduced environmental impact:** IKEA has reduced its environmental impact by a number of metrics, including:

- **Water use:** IKEA has reduced the amount of water used in its production by 50% since 2010.
- **Energy use:** IKEA has reduced the amount of energy used in its production by 30% since 2010. 416 wind turbines and 750,000 solar panels set up on IKEA buildings created 73% of its operating energy.
- **Greenhouse gas emissions:** IKEA has reduced its greenhouse gas emissions by 25% since 2010.

- **Improved reputation:** IKEA's green purchasing activities have marked its reputation as a sustainable company. In 2022, IKEA was ranked 11th in the Corporate Knights Global 100 Most Sustainable Corporations in the World list.

- Increased revenue: the overall retailers' revenue reached 36,3 billion EUR, an increase of more than three times. ROE increased to 24,9% with 2,5 billion EUR in net profit.
- Attracted new customers: In 2021, IKEA reported that 60% of its customers said that sustainability was important to them when making purchasing decisions.
- Created a more sustainable future: IKEA's green purchasing activities are helping to create a more sustainable future. For example, IKEA's commitment to using 100% renewable energy in its operations by 2030 will help reduce greenhouse gas emissions and combat climate change.

4. Green purchasing practices in Vietnam and lessons learned for Vietnamese enterprises

4.1. Overview of green purchasing practices of Vietnamese enterprises

Nowadays, businesses in Vietnam are increasingly understanding the importance of implementing green purchasing strategies in order to meet international standards and consumer demands. Changes in consumer preferences, global sustainability trends, and the understanding of possible cost savings through sustainable practices all contributed to this interest. While awareness was growing, widespread adoption and implementation of complete green purchasing techniques was still in its infancy. Many businesses were establishing strategies and frameworks to include sustainability issues into their purchasing process.

Enterprises have been evaluating suppliers not only based on cost and quality but also on their environmental and social practices. This involves assessing suppliers' environmental certifications, waste management practices, and adherence to sustainable sourcing principles. Some enterprises have developed formal green procurement policies that guide their purchasing decisions. These policies outline the organization's commitment to sustainability and provide guidelines for selecting environmentally friendly products and suppliers.

Green purchasing has been integrated into forward-thinking businesses' long-term business strategy, understanding that sustainable practices are not only good for the environment, but also good for corporate growth and resilience. A famous Vietnamese environment friendly brand, Cocoon has been successful in this field. Cocoon's products are often associated with "green" or eco-friendly practices due to their commitment to using recycled and sustainable materials in their manufacturing processes.

Although there have been many decent achievements in Vietnamese enterprises' green purchasing practices, improvements are still necessary in order to maintain long-term development.

4.2. Lessons learned for Vietnamese enterprises

After overviewing Vietnam's enterprises green purchasing practices, some valuable lessons can be concluded:

It can be learnt from IKEA that green selection and exploitation of production materials is a crucial step toward sustainable development. As Vietnam continues to experience rapid industrialization and economic growth, adopting environmentally friendly practices becomes imperative. Vietnam is rich in natural resources, therefore, Vietnamese enterprises can consider local

material sourcing. Businesses can leverage this advantage by sourcing green materials locally, reducing transportation emissions and supporting local economies. For instance, Bamboo is abundant in Vietnam and can be used for various purposes, from construction to packaging. Enterprises can explore innovative ways to incorporate bamboo and other renewable materials into their production processes.

In order to maintain consistent material quality, the process of selecting sustainable suppliers should be considered. IKEA's method of selecting suppliers, IWAY, is a good example in this study. As a result, Vietnamese businesses should establish specific criteria for evaluating potential suppliers. Environmental regulations, certifications, waste management methods, and dedication to social responsibility should also be examined. The capacity of suppliers to trace the origin of their resources is critical for ensuring material sustainability and ethical sourcing. On-site reviews and audits of supplier facilities could be conducted by enterprises to check that their practices fit with your sustainability goals. This can help to validate the information presented and identify areas for improvement.

5. Conclusion

In conclusion, the analysis of IKEA's green purchasing practices and the lessons learned for Vietnam emphasizes the importance of environmentally conscious and sustainable procurement strategies in today's global marketplace. IKEA's commitment to incorporating eco-friendly considerations into its supply chain benefits not only the environment but also its brand reputation and customer loyalty.

Adopting similar green purchasing practices can yield significant benefits for Vietnam, a rapidly developing economy with a growing consumer base and expanding manufacturing sector. Local businesses can reduce their ecological footprint, waste, and contribute to the preservation of Vietnam's natural resources by embracing sustainable sourcing. Furthermore, adhering to international sustainability standards can open up new channels of trade and collaboration, attracting environmentally conscious partners and customers.

However, Vietnam must navigate the challenges that come with adopting green purchasing practices, such as potential higher initial costs, a scarcity of local eco-friendly suppliers, and the need for employee training. Incorporating environmentally friendly principles into purchasing decisions is both a responsibility and an opportunity for Vietnam to demonstrate its commitment to a greener future. Vietnam can move toward a more sustainable business landscape by carefully implementing the lessons learned from IKEA's green purchasing journey, fostering economic growth while protecting the environment for future generations.

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