

RESPONSIBLE PURCHASING IN INDONESIA: IDENTIFICATION OF DRIVERS AND BARRIERS

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ABSTRACT

Previous studies have suggested the existence of link between business strategy and supply chain practices. The application of business strategy is also influenced by an increasing concern of social and environmental issues from stakeholders. This causes advance awareness of responsible purchasing, where the company began to make internal policy and also set some conditions and demands for their supply chain partners. The objective of this study is to identify and analyze drivers and barriers of applying responsible purchasing in Indonesian companies. Using 30 factors identified in previous studies, a survey questionnaire has been sent to respondents in local and multinational companies. The result of the study indicates that drivers factors are relatively have higher score compare to barriers factors and therefore it is likely to apply responsible purchasing in Indonesian businesses. Using factor analysis, three important component grouped from the 30 factors have been identified as popular reason for a company to apply responsible purchasing.

Keywords: Business ethics; Supply chain; Ethical purchasing; Factor analysis.

1. INTRODUCTION

Businesses nowadays have been facing problems related to increasing concern of social and environmental issues from their stakeholders. If they fail to fill the expectations and requirements, their reputation can be damaged and ends with harmful side effects for the market shares and company's profitability. It is not surprising that the implementation of responsible supply chain is affected by pressure from a wide range of stakeholders. The stakeholders are including regulators, customers, shareholders, and suppliers (Andersen and Skjoett-Larsen, 2009). Due to one example of the pressure in prior case which is about company's competitiveness and cost pressure, study obtained a proof case when companies tend to use a low-cost strategy that ultimately and negatively affect the company's socially responsible behaviour. In other hands, stakeholders now often pursue firms to set their supply chain management with sustainability approach. The sustainable supply chain that is demanded will advance a wider set of performance objectives from the triple bottom line approach or also known as 3P.

According to Elkington (1997), triple bottom line covers at economic, social, and environmental sector. The issues raised are not only focused in a certain area, however it covers the entire supply chain entity and we should see it widely to the operations, suppliers, firms, and it may also cover final consumers. Generally, the term 3P is known for: people, planet, and profit; but unfortunately people

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often giving too much concern only on the environmental sector (planet), while the social issues which still undergoes studies by many people made us want to investigate it more. The impact of neglecting social issues has been very clear; it is a part of publicity loss because the media actually have great impacts for the company in a long term. Although social issues are difficult to explain, what has become important is in decision-making.

What does it mean by social issues? Social issues are including community, human rights, diversity, safety, environment, and ethics (Zorzini, Hendry, Huq, and Stevenson, 2015). It will drive companies to design its policies, procedures, and resulting behaviour to benefit the workplace, the individual, the organization, and the community. Companies who take the responsibility of those social issues will consider and try to adopt socially responsible purchasing for their supply chain. With the advance awareness of socially responsible purchasing (SRP), the company began to make internal policy and also set some conditions and demands for suppliers. Prior studies proved that firms mostly only focused on the implications of the strategy involving the relationship between social behaviours of the partnership not mentioning the purchasing process that is socially friendly.

Unfortunately, SRP implementation is still not in accordance with what has been created especially for suppliers. It seems there is still a gap between society's desires to do more socially responsible practices in particular purchase with slow implementation of SRP at the aggregate level in companies and organizations. It is strongly believed that there must be some factors that potentially make firms resisting to implement SRP besides the positive impacts that SRP provides. According to Paiva et al. (2008), most of groundbreaking and advanced companies in the world are facing the difficulty to interpret, understand, and to prepare companies for social issues, including thriving in competitive advantages.

Researches about responsible purchasing are relatively rare in the context of Indonesia supply chains although issues of irresponsible purchasing are gaining increased public attention. For example, the use of under aged workers by a manufacturing company in Tangerang (CNN Indonesia, 2017), traditional herb factories had been uncovered to use dangerous substances such as benzoate preservative and sodium (Novandia, 2017), and the usage of styrofoam as raw material for making cendol, a kind of popular drink (Radio Republic Indonesia, 2017). Indonesia is one of the important country in South East Asia. It has a large population and fast growing of businesses. Many multi-national companies operates locally and Indonesian businesses also have a global presence. These increase pressure to understand how Indonesian businesses use and implement SRP.

This research is aimed to analyse responsible purchasing implementation that conducted in Indonesian businesses. It specifically examines factor(s) that drives responsible purchasing implementation in Indonesian businesses and the barriers for such implementation. This research also presents which factors are the influential ones. We will process the collected data using descriptive statistics, followed by inferential statistics using techniques such as t-test, ANOVA, and factor analysis.

2. LITERATURE REVIEW

Nowadays, businesses are expected to fulfil as many aspects as possible. It is contrary to what businesses are used to be in the 70s. One of the reasons social responsible purchasing is being

enforced is due to the responsibilities of the company, both environmentally and socially (Björklund, 2010). It is known as SRP: Socially Responsible Purchasing. SRP can be defined as doing positive purchase actions and giving considerations to public opinions regarding purchasing. SRP involved in diverse areas such as: environment, diversity, and labour and human rights (Carter and Jennings, 2004). There are many activities to be done in SRP, for example: internal training and education, monitor and control suppliers, and disapprove irresponsible suppliers.

There are some factors that affect the companies' policy regarding responsible buying. Some of them are drivers and the others are barriers. Globally, the drivers of responsible buying are stakeholders' pressure to keep the goodwill of the company and the demand of society to be responsible in regard of environment. Some of the barriers are the knowledge of social responsibilities are non-existent in many companies and the concern of profit generation in many small-medium companies. There are a decent number of fraud, bribery, safety recalls, and similar matters on diversity, human rights, and philanthropy without public acknowledgement (Carter and Jennings, 2002). These matters are measured in the CSR's (Corporate Social Responsibility) rubric, "corporate activity and its impact on different social groups" (Sethi, 1995). Supply chain managers are believed to hold the key in implementing CSR activities to internal and external stakeholders, which consist of internal employee, customers, suppliers, and regulatory agencies (Carter and Jennings, 2002).

Stakeholders (who) is focusing on the developing set of social concerns for the firm has influence in the supply chain (which issues), and enhancing customer value (how) to involve management capabilities that react to these concerns (Klassen and Vereecke, 2012). Wood (1991) mention that social issues pay attention to human safety and welfare, community development, and protection from harm. The uncertainty is that the range of that definition can become either so broad as to deal with all of management, or so narrow that operational risks or opportunities are overlooked. Characterizing social issues in the supply chain needs exploring these three questions: who is being targeted, which issues are being addressed, and how they are being addressed.

A variety of strategies are employed by businesses when faced with specific stakeholder demands. These strategies are positioned along a continuum ranging from proactive to reactive approaches. SRP systematically anticipates and satisfies stakeholder demands in a proactive organization. SRP strategies are possibly to develop over time, many times as a result of increased stakeholder pressures (Maignan, Hillebrand, and McAlister, 2002). Maignan et al. (2002) believed that the more proactive the SRP strategy, the more initiatives assume by the firm to meet stakeholder demands. There are some following practices that are significant of a proactive stance toward SRP: defining social responsibility goals for the purchasing function, designating organizational members in charge of SRP, educating suppliers, monitoring suppliers, sanctioning suppliers, communicating achievements to stakeholders, receiving stakeholders' feedback.

Even when global thinks of SRP as a great expectation, SRP in many Indonesia's corporate often being considered as an unrealistic vision. Indonesia still more concern about common national problems. Kemp (2001) believed that Indonesia's management ability is still at a very first growing stage. Besides that, SRP demand professional ability and equal corporate structure. It does not meet the requirement as most Indonesia's businesses have top hierarchical structure. SRP and the involvement of the purchasing members of the prime organization in the management of the supply chain helps construction self-reliance and increases commitment in the buyer supplier activity, which

increases organizational cultivation in the supply chain, thereby improving supplier behavior and, at the end of the day, reducing costs.

According to Zorzini et al. (2015), there are certain gaps among researchers about socially responsible purchasing. One of the gaps reveals that there is not enough research to show economic effects of SRP's Performance on the business implementation. Also, creating corresponding performance measurement is needed to measure the worthiness of the results. The results will show the SRP's impacts on stakeholders outside the direct supply chain. Further research must be done to implement the SRP: converting the values of purchasing into decision-making process in the company. The question leads to whether the decision of SRP on environmental cases could be used on social measurement or not. Another research is needed to find out the effect of local company and its supplier's absorptive capacity on the implementation of SRP.

3. METHODOLOGY

We decided to use quantitative research as the type of data collection method after considering the previous studies with the similar topic and the main purpose of quantitative research to measure the values that are expressed in numbers for the questions to be answered in this study. Quantitative research also focuses on the cause and effect of social phenomena and provides the quantitative data based on empirical observation and critical interpretation. We used survey as the technique to collect primary data and information that can be used to support the findings of this research.

This research required relevant respondents with sufficient knowledge about supply chain practices in their respective companies. The sampling method used was purposive sampling that enable researcher to select sample and filtered out respondent who may not fulfilled the required criteria. The unit of analysis was working professionals or business owners in Greater Jakarta. Greater Jakarta was selected because it is the center of Indonesian business and economy, about 70% of money is flowing here (detikFinance, 2013). Most companies also have their head office or operations facilities industries here. This means having adequate sample from Greater Jakarta can represent Indonesia. As discussed later in data analysis section, a total of 305 responses were collected and the profile of respondents indicated suitability of the data for the purpose of this study.

The surveys have been distributed to graduate students with working experience of a University in South Jakarta and workers from Supply Chain Certification classes who have authority to make a purchasing decision in their company. At first, we distributed the questionnaires via online survey by using Google Forms. After that, we also distributed the questionnaires directly to graduates students in their spare time.

Data collection process for this study is starting with sorting the list of potential respondents and selecting the samples that are suitable and relevant to the context of our research. Based on our research methodology, we use Self-Administered Questionnaires by using Google Forms, focus on using electronic mail (e-mail) to distribute the questionnaires. In order to send the questionnaires via e-mail, we created a cover letter which consists of the purpose of our research, reasons that show why they are important and chosen, and a URL that brings them to the questionnaire form. The Cover Letter is attached to the body text of the e-mail which is sent separately to each respondent.

Seven days after sending the email, we check on their responds towards our questionnaires. We use coding technique by providing a textbox which have to be filled by respondents' names in the forms to find out who have or have not responded to our questionnaire. This procedure is conducted to anticipate potential errors in the follow-up process. After that, we send follow-up emails to respondents who have not participate to remind them to fill our questionnaire.

4. THE EMPIRICAL RESULTS

After performing the data collection, the next process will be performing a data analysis. We use SPSS program to process the data into useful information, suggesting conclusion and supporting decision making. SPSS program will transform the result from both Google Forms and questionnaires in total of 305 respondents into descriptive statistics. Profile of the respondents is summarized in Table 1 below. Most of the respondents works in operations related function and have job position as assistant manager or higher. The profile of respondents indicates suitability of the data for the purpose of this study.

Table 1: Profile of Respondents

Department	Freq	%	Job Position	Freq	%
Human Resource	9	3%	Staff	75	25%
Marketing	67	22%	Assistant Manager	126	41%
Operation	124	41%	Senior Manager/General Manager	60	20%
Finance	45	15%	Vice President/Director	13	4%
Other	60	20%	CEO/Business Owner	19	6%
			Other	12	4%
Total	305		Total	305	

About 63% of respondents said that their companies have implemented responsible purchasing and 37% have not. Three percents of respondents did not answer; probably they did not have enough knowledge. From the literature review, we identified 30 factors as drivers and barriers that may influence a company to implement responsible sourcing. There are 9 internal drivers, 9 external drivers, 6 internal barriers and 6 external barriers. The Table 2 below presents description of each factor.

Table 2: Description of 30 Factors

Internal Drivers Factors	External Drivers Factors
(X1) Organization vision or mission	(X10) Government regulation
(X2) Company's value	(X11) Pressure from customers
(X3) Values of the founder	(X12) Pressure from suppliers
(X4) Desire to reduce costs	(X13) Pressure from competitors
(X5) Desire to improve quality	(X14) Public pressure
(X6) Pressure from stake holder	(X15) Gaining competitive advantage
(X7) Pressure from employees	(X16) Potential for receiving publicity
(X8) Company reputation	(X17) Reduce risk of consumer criticism
(X9) Safe working environment (safety)	(X18) Requirement for supply integration
Internal Barriers Factors	External Barriers Factors
(X19) Lack of information on how to develop RP	(X25) High cost of auditing suppliers
(X20) Lack of top management commitment	(X26) Difficulties in establishing long-term RP relationship with suppliers
(X21) Need to justify the activity and its cost based on profit or business benefit	(X27) Lack of understanding of the importance of social aspects by suppliers
(X22) Significant changes in focal organization might be needed	(X28) Difficulties with influencing beyond the first tier suppliers and high costs of switching suppliers
(X23) Additional costs for education training in focal organization	(X29) Suppliers' employees may support current practices (e.g. child labour)
(X24) Lack of educational material for personnel training due to specificity of each sector and company	(X30) Lack of clear government legislation

The Table 3 below contains summary of findings from the survey. Included in the table are the mean score (Likert scale 1-7) and the number of respondents for each factors. Number 1 represents a strongly disagree opinion from respondents for the factors stated, and number 7 represents a strongly agree opinion from respondents for the factors stated. The result of this study shows that drivers factors are relatively have higher score compare to barriers factors. Internal factors (drivers and barriers) are also higher than external factors. Hence, it is reasonable to assume that practical implementation of responsible purchasing has strong relationship with internal factors rather than external factors.

Table 3: Drivers and Barriers Factors

Internal Drivers	Mean Score	n	External Drivers	Mean Score	n	Internal Barriers	Mean Score	n	External Barriers	Mean Score	n
X1	6.08	295	X10	5.86	294	X19	5.38	294	X25	4.98	293
X2	6.13	290	X11	5.31	294	X20	4.98	290	X26	4.91	291
X3	5.64	290	X12	4.41	285	X21	5.06	293	X27	5.01	290
X4	5.42	284	X13	4.98	289	X22	4.91	293	X28	5.15	294
X5	6.08	296	X14	4.89	285	X23	5.22	293	X29	3.73	280
X6	5.08	288	X15	5.94	290	X24	5.13	289	X30	4.98	294
X7	4.30	294	X16	5.99	292						
X8	6.13	292	X17	5.57	291						
X9	6.04	296	X18	5.65	280						
Mean Score Total	5.66		Mean Score Total	5.40		Mean Score Total	5.11		Mean Score Total	4.79	

Further analysis of the data shows that employees or business owners have lowest score for promoting responsible purchasing. Suppliers, competitors, and general public are also have similar low score. It can be argued that companies in Indonesia have less pressure from business environment (most stakeholders) to implement responsible purchasing. The major drivers to implement responsible purchasing are inherent factors such as: organization vision, value, reputation and safety issues. The companies may also reluctantly implement responsible purchasing because of issues such as lack of information on how to develop responsible purchasing, costs for training, lack of educational material for sector specifics and high costs of switching suppliers. There is less pressure from business partners to push company to implement responsible purchasing.

Table 4 below is a statistical analysis to test whether business functions have similar or different attitude toward responsible purchasing. Here, we compare operations versus non-operations function. At $\alpha = 5\%$, independent t-test failed to reject H_0 for most factors except three factors i.e., company vision (X1), company value (X2), and value of the founder (X3). This means operations personnel tend not to consider these three factors as the driver of responsible purchasing compared to non-operations personnel. They tend to prioritize factors such as cost reduction and quality improvement as the main driving factors to implement responsible purchasing compare to personnel from other department.

Table 4: Independent t-test Operations & Non-Operations Functions

Internal Drivers Factors	Mean Opr	Mean Non	p-value	External Drivers Factors	Mean Opr	Mean Non	p-value
X1	5.84	6.24	0.007*	X10	5.82	5.90	0.567
X2	5.92	6.27	0.012*	X11	5.24	5.38	0.456
X3	5.28	5.88	0.001*	X12	4.38	4.47	0.620
X4	5.57	5.34	0.233	X13	4.95	5.02	0.735
X5	6.16	6.04	0.442	X14	4.78	4.97	0.312
X6	5.05	5.12	0.728	X15	5.82	6.04	0.122
X7	4.35	4.29	0.730	X16	5.83	6.09	0.074
X8	6.08	6.16	0.570	X17	5.43	5.68	0.128
X9	6.04	6.06	0.905	X18	5.59	5.69	0.515
Internal Barriers Factors	Mean Opr	Mean Non	p-value	External Barriers Factors	Mean Opr	Mean Non	p-value
X19	5.29	5.43	0.424	X25	5.05	4.91	0.435
X20	4.81	5.08	0.213	X26	4.94	4.86	0.644
X21	5.12	4.99	0.526	X27	5.07	4.95	0.509
X22	4.95	4.87	0.651	X28	5.13	5.13	0.987
X23	5.11	5.27	0.338	X29	3.78	3.67	0.663
X24	5.11	5.11	0.987	X30	4.89	5.02	0.521

The Table above also shows that operations personnel consider cost reduction and quality improvement as a priority to implement the responsible purchasing compared to the non operations personnel. It seems that non operations personnel consider responsible purchasing as a way to achieve company esteem in term of values of the founder and the company, while operations personnel consider more on the bottom line factors such as cost. We can also interpret that operations personnel focuses on number while non operations personnel focus on intangible benefit.

If we compare the external factor of the driving factors, operations personnel tend to use their own perspective, i.e., operation perspective. For example, the score of “reduce risk of consumer criticism (X17)” from operations personnel is significantly lower for about 5% compared to non operations personnel. In terms of internal barrier factors, the result of the analysis shows that operations personnel tend to look at justification of cost required to implement responsible purchasing compared to non operations personnel. The same situation also occurs on non operation operations personnel, for example, lack of top management commitment is considered more important compared to operation operations personnel. This finding is parallel with driver factor where non operation operations personnel prioritize company founder and values rather than cost.

Table 5: ANOVA of Job Positions and Attitudes to Responsible Purchasing

Internal Drivers Factors	F	p-value	Internal Barriers Factors	F	p-value
X1	1.32	0.264	X19	1.40	0.234
X2	1.83	0.123	X20	0.79	0.532
X3	0.59	0.669	X21	0.89	0.468
X4	4.87	0.001*	X22	2.44	0.047*
X5	3.19	0.014*	X23	1.73	0.143
X6	5.47	0.000*	X24	0.65	0.628
X7	2.73	0.030*			
X8	2.28	0.061			
X9	0.96	0.430			
External Drivers Factors	F	p-value	External Barriers Factors	F	p-value
X10	0.91	0.459	X25	1.71	0.147
X11	0.18	0.949	X26	1.16	0.329
X12	0.62	0.648	X27	0.47	0.760
X13	0.46	0.761	X28	1.17	0.324
X14	0.14	0.966	X29	2.48	0.044*
X15	0.70	0.595	X30	1.71	0.147
X16	1.04	0.388			
X17	0.44	0.783			
X18	1.65	0.163			
X30	1.71	0.147			

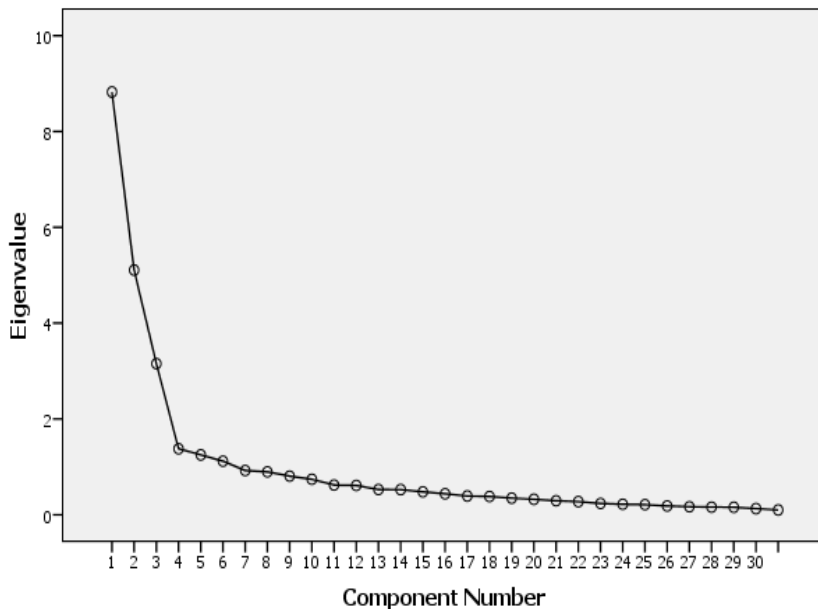
To compare attitudes of employees to responsible purchasing in terms of managerial positions, ANOVA test is conducted. The result is shown in Table 5 above. Using $\alpha = 5\%$, ANOVA test resulted in rejection of H_0 for six factors, i.e., (X4) Desire to reduce costs, (X5) Desire to improve quality, (X6) Pressure from stake holder, (X7) Pressure from employees, (X22) Significant changes in focal organization might be needed, and (X29) Suppliers' employees may support current practices (e.g. child labour). Analysis of internal drivers in Table 5 shows that assistant manager relatively have higher scores compared to others. This finding shows that assistant managers prioritize more on the internal issue of their company. Another finding is staffs prefer more on the safe working environment and the company reputation. The reason might be to secure their basic needs through having a secure job and a good company. Higher job title seems to score lower compared to lower job title. This means that the internal drivers are priorities by lower class worker rather than higher class workers. Compared to internal driving factors, the higher job positions scores higher for the external drivers. We can assume that higher job positions tend to be affected by the external driver such as competitive advantage, positive publication, and customer critics as driver important factors to implement the responsible purchasing. Another important thing to be noted is that the lower managerial level concerns more about the government regulation rather than higher level job positions. Lower level management scores around 5,9. This means that lower level management are becoming aware to

responsible purchasing due to the government openness and lower worker are becoming critical to the government regulation, although workers do not have the power over the decision making.

Because of many factors used in data analysis, we use factor analysis to simplify these 30 factors, and to identify most important factors, which are easier to understand and interpreted (Field, 2009). Factor analysis is a data reduction technique that enable researchers to create a smaller set of uncorrelated factors out of the variables that are highly correlated (McDaniel Jr. & Gates, 2014). This new set of variables helps researchers to investigate concepts that are not easily interpreted by analyzing a large number of variables directly. Although the 30 factors identified from previous research is an important finding in this study and has been analysed, having too many factors may make it difficult to the reader, especially non-academic readers to comprehend. To apply these 30 factors are also hard in business. Therefore, factors analysis will be used to reduce these 30 factors to a much smaller sets of components that make the research outcome easier to understand for non-academic readers.

Before the factor analysis was performed, various assumptions on the inter-correlations of the 30 variables were tested. The output of SPSS calculation shows that the determinant value is very small (close to 0). The Bartlett's test value is also very small ($P < 0.001$) The Kaiser-Meyer-Olkin (KMO) measurement of sampling adequacy for the 30 variables equals to 0.864. As discussed by Field (2009), those three values calculated shows suitability of the data for factor analysis.

Figure 1: Scree Plot of 30 Factors



Because all assumptions have been fulfilled, the next step is to identify the number of components from the 30 variables. Using SPSS, the Scree Plot of the 30 factors is presented in Figure 1 above. The Scree Plot shows that there is an opportunity to reduce or group the 30 factors in to three factors

or components. The rotated component matrix in SPSS output is used to identify what the components represent. The three suggested components from Scree Plot are presented in Table 6 below.

Table 6: Rotated Component Matrix

Factors	Component			Factors	Component			Factors	Component		
	1	2	3		1	2	3		1	2	3
(X1)	.763			(X19)	.707			(X11)			.695
(X2)	.827			(X20)	.714			(X12)			.702
(X3)	.738			(X23)	.742			(X13)			.799
(X8)	.701			(X24)	.726			(X14)			.797
				(X27)	.803						
				(X28)	.779						

Component 1 can be generally interpreted as company core ideology (vision, mission, value and reputation). Component 2 can be generally interpreted as knowledge of implementing responsible purchasing. Component 3 can be generally interpreted as pressures from supply chain partners. These three main factors for implementing responsible purchasing is similar with the result of detailed analysis discussed before.

Dehqan, et. al, (2017) suggest that after the implementation of factor analysis and distinctive cluster definitions, the internal consistency determination of a set of items indicating the distinctive factor is essential. A conventional method for estimating the internal consistency is by calculating Cronbach's alpha coefficient for each component. Table 7 presents the results of the calculation of the three identified components in this study.

Table 7: Cronbach's Alpha Value

Factors	Cronbach's Alpha	N of Items
All	.906	30
Component 1	.834	4
Component 2	.829	4
Component 3	.866	6

Generally, an internal consistency of $\alpha \geq 0.90$ is considered excellent and $0.70 \leq \alpha < 0.90$ is considered good. As shown in Table 7 the Cronbach's Alpha coefficients were high for the extracted factors. This implies that the number of factors was accurately derived.

5. DISCUSSION AND IMPLICATION

It can be concluded from our findings that driving factors have generally higher score compare to barrier factors. This finding means that there is a good opportunity of better implementation of responsible purchasing in Indonesia. The results of analysis show that from 30 factors for drivers and barriers mentioned, most of it is true and acceptable from companies' point of view since our respondents agreed to the factors given. We can also simplify these factors into three major components, i.e., company core ideology, knowledge of implementing responsible purchasing, and pressures from supply chain partners. These three factors play a critical role for responsible purchasing implementation in Indonesia.

The practical implementation of responsible purchasing has strong relationship with internal factors rather than external factors. Here, top management should anticipate implementation barriers from lower class workers; this study found a common managerial problem where top level executive and lower class workers did not trust each other. Leaders of the company must also pursue positive outcome of responsible purchasing such as competitive advantage, positive publication, and less customer critics. By supporting and doing responsible purchasing, the company has good opportunity to gain positive reputation for purchasing accordingly to ethics. Consumers have started to pay attention closely to companies and news. On the other hand, this study finds that there is an assumption of high cost to support responsible purchasing. Therefore, a company should find a way to solve the problems that makes cost rises. For example, increase collaboration with suppliers or other supply chain partners to also apply responsible purchasing, hence reduce overall cost.

6. CONCLUSION

Overall, the finding of this research shows how companies in Indonesia, especially in Greater Jakarta area, have started to do responsible purchasing even though there are undeniable barriers. Companies show a trend where they start to pay attention to other stakeholders in businesses, especially in Indonesia. This can be important information in the future to encourage responsible purchasing.

The research was conducted by distributing online surveys to managers of locals and multi nationals companies in Indonesian to identify whether or not the company applies responsible purchasing. The research questions were made by using literature review technique from previous researches undertook in other countries. This research is undertaken because the fact that not enough research has been before in the context of Indonesia, in contrast to research in other country. Practices of responsible purchasing have been a special concern and researches to support the practice have been done. The result of this study clearly shows positive trends towards responsible purchasing in Indonesian businesses. However, due to research limitations, e.g., sample data from Greater Jakarta area only, future research may be needed to generalize our findings in other areas of Indonesia.

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