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# **Supplier Selection – A brick to attain sustainable tourism**

## A case study on what influences a Sri Lankan hotel chain's local supplier selection

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## **Title**

Supplier selection - A brick to attain sustainable tourism. A case study on what influences a Sri Lankan hotel chain's local supplier selection

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## **Abstract**

In recent years, there has been an increased attention to the implementation of sustainability practices to attain sustainable tourism in accordance with United Nation's (UN) Sustainable Development Goals (SDG). One step towards sustainable tourism is through selecting local suppliers. The purpose of this case study was to investigate what influences a Sri Lankan hotel chain's local supplier selection in the light of sustainable tourism. Previous research served as a base for designing a conceptual model, which aimed to describe and clarify the connection between local supplier selection influences and sustainable tourism. Three methods were used; semi-structured interviews with the hotel chain's employees, participant observations and documentary analysis. The analysis resulted in nine local supplier selection influences which can be related to the themes a) price; price optimization, price variation, financial resources, b) product; quality, market demand, regulations, c) people; relationship, education, ethical consideration. The nine influences contribute to enhance sustainable tourism in accordance with UN's SDGs number 12A. Therefore, the study contributes to a deeper insight and a broader perspective regarding what influences local supplier selection in the light of sustainable tourism. Furthermore, the results are of practical relevance since it provides hotel chains with

-  
knowledge of what aspects, regarding local supplier selection, that are of importance in order to attain sustainable tourism.

**Keywords**

Sustainability, sustainable development goals, sustainable tourism, sustainable supply chain management, local supplier selection, local supplier, supplier selection influences

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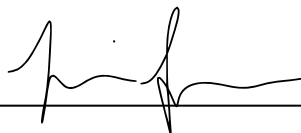
The hotel chain concerned

*For your incredibly friendly treatment and your honest opinions. This dissertation would not have made it past the introduction without your participation.*

Each other

*For the fighting spirits and positive attitudes through a life-long memorable experience in Sri Lanka.*

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Elin Wästerlid

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# 1. Introduction

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*“40 years ago, when I was 26 years old, I bought this hotel. Today, almost the whole beach is gone due to the rising sea level from negative environmental impacts and emissions. I am concerned that my grandkids will not be able to enjoy this beach like I once did”*  
(Local hotel owner, Sri Lanka, conversation, 18.03.2022).

The Sri Lankan local hotel owner is concerned for how future generations will be affected by the negative environmental impacts. According to World Travel & Tourism Council (2021), climate change is argued to be one of the greatest challenges the humanity has ever faced. Furthermore, the increasing temperatures of the atmosphere, ocean and land are significant all over the globe. The tourism industry is a global and diverse sector with various economic and environmental challenges that has caused remarkable negative impact on the globe.

This study investigated a hotel chain in Sri Lanka, a developing country that tends to adapt environmentally harmful practices. This have had an impact on the country’s nature, nonetheless across the beaches and sea life. Traditionally, tourism has been the third largest foreign exchange earner in Sri Lanka (International Trade Administration, 2021), and the industry has therefore a big responsibility to contribute to a climate change (World Travel & Tourism Council, 2021). The local hotel owner has a justified worry, and the topic is clearly linked to one attributable subject, namely; sustainable development.

Sustainable development is described as *“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”* (WCED p.37, 1987). The quote was found in the Brundtland Commission report that were written on behalf of the United Nations (UN) in 1987 and is equally relevant today. From the Brundtland Commission, the UN’s *2030 Agenda for Sustainable development* took form, that encourages organizations to work towards peace and prosperity for people and the planet. There are seventeen Sustainable Development Goals (SDG’s) and 169 subgoals incorporated within the agenda. All goals are permeated by economic, social, and environmental concerns which exerts to combat extreme poverty, inequality and climate change (United Nations, n.d). One of the subgoals, UN’s SDG number 12A, is described as *Develop and implement tools to monitor*

*sustainable tourism* and aims to create local work opportunities and to promote local culture and products. Sustainable tourism is defined by The World Tourism Organization as “*tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities*” (United Nations, n.d).

The tourism industry’s negative effect on nature, societies and culture have had an increased recognition. According to the Sri Lanka Tourism Development Authority (n.d), the tourism industry should benefit the country’s economic growth and at the same time protect environmental assets. A balance must be considered where climate mitigation is considered to the same extent as economic growth (Yfantidou & Matarazzo, 2017). However, developing countries often tend to adopt sustainable harmful practices (Kularatne et al., 2019) due to financial and technological limitations (Sheyvens & Laies, 2019).

Kularatne et al. (2019) argued that sustainability practices are economically costly which is especially difficult for developing countries. Since national crises affect developing countries to an increasing degree it is rather a matter of restoring the devastating causes, than developing sustainable practices. Sri Lanka, which includes in the scope of developing countries, has struggled with several disasters the last couple of decades, that has caused major financial losses. The Indian Ocean earthquake and tsunami in 2004, the terrorist attacks in 2019, the Covid-19 pandemic between 2020 - 2022 and subsequent the ongoing economic crisis that affects the whole population. In addition, Sri Lanka is one of the fastest growing tourist destinations in Asia (Kularatne et al., 2019), which is why it is of interest to direct the study towards Sri Lanka.

Traditionally, supplier selection has mainly focused on cost aspects (Yoon et al., 2018; Yasdani et al., 2020). Nowadays, organizations are required to work in accordance with the UN’s SDGs to implement environmental, social and economic aspects into their daily business. A step towards a sustainable tourism is for hotel chains in Sri Lanka to improve their supply chains and to increase the number of local suppliers (Zhan et al., 2021). The term local supplier is defined as a supplier serving in a small area (Cambridge Dictionary, n.d), which in this case is referred to suppliers in Sri Lanka. By selecting local suppliers, the demand for locally produced goods stimulates the domestic market which ultimately minimizes the negative environmental impacts. In later stages, it will have a positive outcome for local inhabitants as it provides work opportunities. Clearly, hotel chains’ local supplier selection is a key part to attain sustainable



tourism (Zhan et al., 2021). Therefore, is it of interest to study a Sri Lankan hotel chain's local supplier selection in the light of sustainable tourism.

To motivate further generations to adopt environmentally friendly practices in organizations, Ghisellini et al. (2016) suggested a paradigm shift towards a more proactive approach. The tourist industry in Sri Lanka has an impact both on the natural area as well the local inhabitants work opportunities. Therefore, local supplier selection is argued as an environmentally friendly practice towards a sustainable tourism (Sheyvens & Laeies, 2021). However, to be able to attain sustainable tourism in practice, there must be a distinct path and united cooperation between the hotel chains and the local suppliers.

This study will further present a literature review, conceptual model, and an extensive analysis to recognize the complexity of supplier selection in the light of sustainable tourism. The purpose is to further contribute to the research field of supplier selection both theoretically and practically, where the ultimate hope is that the Sinhalese local hotel owner's grandson will be able to further enjoy the beaches in future.

## **1.1 Problematization**

Supplier selection is a widespread subject that has been recognized by various researchers to become more complex and challenging by time (Banaeian et al., 2018; Roehrich et al., 2017; Alikhani et al., 2019; Yoon et al., 2018; Yasdani et al., 2020). Due to the globalization and an increasing sustainability awareness among organizations and decision-makers, organizations are pressured to consider sustainable practices within their supplier selection processes (Banaeian et al., 2018). Suppliers' sustainable performances have a significant impact on the organizations' supply chain, which is why supplier selection is important for organizations to consider (Li et al., 2019). Kularatne et al. (2019) argued that local suppliers in developing countries tend to adopt environmentally harmful practices due to lack of financial resources, technological advancements, and education. Furthermore, unavailable infrastructure, transportation costs and local requirements are influences why organizations tend to not cooperate with local suppliers. Therefore, it is particularly interesting to investigate what influences local supplier selection in the light of sustainable tourism in a developing country.

Li et al. (2019) discussed the crucial challenge for organizations to balance sustainable performances and economic benefits. Sustainable Supply Chain Management (SSCM) have a responsibility to incorporate economic, environmental, and social performances into an organizations' supplier selection. Zailani et al. (2012) states the importance to consider sustainable practices within the supply chain have increased. Therefore, organizations must improve their environmental, economic, and social performance at all places where they can influence. The improvement often exerts within the supplier selection process. According to Whitfield & Staritz (2020), selecting a local supplier in a developing country is challenging due to higher barriers to enter since they start from a position of low capabilities. Therefore, local supplier selection is argued to be an important, yet complex part of the supply chain (Kularatne et al., 2019).

Furthermore, previous studies have discussed the importance of integrating sustainable aspects into supplier selection processes (Sheyvens & Laeis, 2021; Zhan et al., 2021; SLTDA, n.d). To the best of our knowledge, the influences that is underpinning the supplier selection process in the light of sustainable tourism has not been investigated. Sheyvens & Laeis (2021) stated a need for studies to explore local supplier selection as a part of sustainable development within the tourism industry. An increase of local suppliers within the supply chain is argued to be a step towards sustainable tourism. However, developing countries often struggle to benefit their local economic growth despite encouragement from different stakeholders (Van der Loos et al., 2022; Kularatne et al., 2019).

However, previous studies regarding supplier selection have primarily been examined with quantitative research design (Awasthi et al., 2018; Banaeian et al., 2018), where Alikhani et al. (2019), is one of various researchers that have investigated the subject with a quantitative research design. Alikhani et al. (2019) identified a correlation between supplier selection and risk through measuring and ranking. However, a quantitative research design could influence the accuracy of the result since interpersonal uncertainty is not considered. A qualitative research design on the other hand, allows the researchers to understand what is underpinning the supplier selection process. It receives personal thoughts and nuanced reflections which leads to a deep and broad understanding of supplier selection (Bell et al. 2019). Decision makers tend to have different understanding and perceptions of an identical situation, which strengthens the need of qualitative research to explain the subject on a deeper level (Li et al., 2019).

Since Sri Lanka is one of the fastest growing tourist destinations in Asia (Kularatne et al., 2019), it is of interest and relevance to study what influences a Sri Lankan hotel chain's supplier selection in the light of sustainable tourism. To the best of our knowledge, previous studies have primarily focused on supplier selection without investigating how the influences could contribute to attain a sustainable tourism. We believe that this study aims to fill the research gap of local supplier selection in relation to sustainable tourism in a context-based case. The remainder of this paper is structured as followed; literature review that will lie as a basis for the conceptual model, followed by a methodology chapter including the research strategy and design. Lastly, the study will end up in this study's empirical findings and analysis and finally a conclusion.

## **1.2 Purpose**

The purpose of this study is to explore what influences the local supplier selection in a Sri Lankan hotel chain. In addition, the study also aims to illustrate supplier selection as a brick to attain sustainable tourism in accordance with United Nation's Sustainable Development Goals. Both the research gap and established previous research are discussed where the aim is to contribute with new research to the field that are expected to be useful practically as well.

## **1.3 Research question**

What influences a Sri Lankan hotel chain's local supplier selection in the light of sustainable tourism?

## 2. Literature review

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To explore what influences a Sri Lankan hotel chain's supplier selection, this chapter will discuss relevant literature for this study. The following chapter is designed and written like a funnel. Every framework or theory has a connection to previous chapter that describes how they are related. Firstly, Sustainable Development Goals (SDG) is presented, followed by Sustainable Supply Chain Management (SSCM), which is an essential part for hotel chain to contribute to the SDGs. Subsequent, the Vendor Evaluation System (VES) is presented, which is clearly linked to the supplier selection process. Supplier selection is further explained through supplier selection risks. Lastly, the literature review is summarized in a conceptual model.

### 2.1 Sustainable Development Goals

The emerge and increasing awareness of sustainable development requires organizations to take account for complexity associated with sustainability issues (Roehrich et al., 2017). The United Nations (n.d) encourages organizations to work in accordance with the United Nations (UN) Sustainable Development Goals (SDG) to generate the best path for future generations. During a conference in Brazil 2012, Agenda 2030 was developed where 17 SDGs were presented. All the 17 SDGs are presented in Figure 1. The purpose of Agenda 2030 is to take action for people, planet and prosperity. All 193 Member States are therefore required to implement Agenda 2030 into their daily business which is in line with a strong and global solidarity (United Nations, n.d).

According to Lind (2019) theories work as a guideline for research with the purpose to support the solution of concrete issues. However, Agenda 2030 is more likely perceived as a framework than a theory. Nevertheless, Lind's (2019) argument is applicable to the use of the UN's SDGs in this chapter as well. To explore the field of supplier selection in light of sustainable tourism, it is important to provide an overview of the importance of development and sustainable tourism. Agenda 2030 have since year 2012 encouraged organizations to take action within five critical areas (United Nations, n.d):

- *People: To end all forms of poverty and hunger, and to ensure that every human fulfil their potential in equality and dignity in a healthy environment.*

- *Planet: To protect the planet from degradation so it can support the needs for future generations.*
- *Prosperity: To ensure that every human will be able to live a fulfilling life with economic, technical, and social progress that occurs in harmony with nature.*
- *Peace: To develop societies free from war and violence. “There can be no sustainable development without peace and no peace without sustainable development.”*

SDG number 12 states to *Ensure sustainable consumption and production patterns*, with the goal to implement sustainable consumption and production programs in all member states. The expectation is for the developed countries to take the main lead, while taking the developing countries’ capabilities and development into account. Furthermore, SDG number 12A: “*Develop and implement tools to monitor sustainable tourism*”, is a subcategory to SDG number 12. Goal 12A aims to create local work opportunities and to promote local culture and products (United Nations, n.d).

**Figure 1.**

*Agenda 2030*



*Note:* United Nations (n.d)

The focal point for developing countries is their economic development and the work towards sustainable development tends to be de-prioritized. However, there are different approaches that aims to attain consensus between economic development and sustainable development. It is argued that sustainability is necessary for a long-term viability of the hotel industry. There is

an ongoing debate about how to manage and preserve natural resources that generates both human well-being and economic wealth. To incorporate the SDGs into an organization's daily business, there must be a distinct path of how to achieve it. Sustainable Supply Chain Management (SSCM) is the first step that leads the way for organizations to attain sustainability (Hunter, 1997; Sarkis & Dhavale, 2015).

## 2.2 Sustainable Supply Chain Management

It has become increasingly more important for organizations to require their suppliers to work in accordance with the SDGs. Such pressure comes from both internal and external parties. The internal drivers refer to sustainable and corporate responsibility department, while the external drivers include government regulations, customers, and competitors (Harms et al., 2013; Seuring & Müller, 2008).

Sustainable Supply Chain Management (SSCM) is a frequently used term within the field of supplier selection. Due to organizations' increased dependency on their suppliers, supplier selection has become a critical element within SSCM (Sarkis & Dhavale, 2015). SSCM is defined as; *the management of material, information, and capital flows when cooperation among companies along the supply chain while considering economic, environmental and social aspects* (Jia et al., 2019; Zailani et al., 2012; Meixell & Luoma, 2015). Therefore, SSCM is considered to provide organizations the opportunity to incorporate sustainable practices when selecting suppliers (Meixell & Luoma, 2015; Jia et al., 2019).

SSCM is argued to be challenging for organizations since they need to face complex challenges that occurs with different suppliers (Trkman & McCormack, 2009). This is especially challenging for developing countries due to financial and technological limitations (Trkman & McCormack, 2009; Harms et al., 2013). Challenging tasks could for instance deal with child and forced labor, the replacement of toxic substances and material consumption. However, instead of managing each issue separately, organizations implement codes of conduct to control the environmental and social impact of their suppliers' activities. An example of such norms and standards is the ISO 9000 guidelines which refers to quality aspects (Seuring & Müller, 2008). Thus, it is necessary for organizations to consider multiple influences in the supplier selection, as well as potential risks when selecting a supplier (Sarkis & Dhavale, 2015).

### 2.3 Supplier selection

Sustainable Supply Chain Management (SSCM) contains several practises with the aim to benefit sustainable development. Supplier selection is an important element among these practices since the suppliers' social, economic, and environmental performances will have an impact on the end of the supply chain (Li et al., 2019).

Supplier selection has become a critical challenge for organizations due to today's competitive market environment (Yazdani et al., 2020). A careful supplier selection contributes to cost reductions, as well as quality improvements for the organization (Yoon et al., 2018). In addition, Yoon et al. (2018) and Bai et al. (2019) discussed the fact that supplier selection influences traditionally have focused on cost aspects. However, the increasing awareness and requirements regarding sustainability from various stakeholders have resulted in an increased implementation of sustainable practices in the supply chain (Li et al., 2019; Zhan et al., 2021). Awashti et al. (2018) argued that organizations with a leading position within the supply chain are under big pressure from other stakeholders to address sustainable issues.

Supplier selection is a key part to attain sustainable tourism, where local sourcing tends to become a matter in question. According to Cambridge Dictionary (n.d) a local supplier is defined as "*A supplier existing in, from, serving in, or responsible for a small area, especially a country*". Selecting a local supplier contributes to a shortening of the supply chain, in terms of shorter distribution leads (Sheyvens & Laies, 2021). Local supplier selection is considered a growing interest within organizations since it obtains several advantages; access to tacit knowledge in the local firm and from subsidiaries, increased capabilities, development of innovation and performance. In addition, by selecting local suppliers, organizations can enhance their own problem-solving and take advantage of the local suppliers' expertise by facilitating research and development (Tseng & Chen, 2014).

Since a local supplier selection shortens the supplier chain, it results to a reduction in both energy consumption and carbon footprint. However, organizations often tend to focus on the lack of quality, quantity and accessibility when selecting a supplier. Suppliers in developing countries often have financial, technological, and educational limitations. The lack of infrastructure and conflicting terms of payment also aggravates the situation further (Sheyvens & Laies, 2019). Altogether, selecting a local supplier is a challenging task. To select a suitable supplier, an evaluation system, such as VES, could minimize the potential risks that may arise from supplier selections (Deshmukh & Chaudhari, 2011).

### 2.3.1 Vendor Evaluation System

Gary W. Dickson (1966) is described as the pioneer within the supplier selection field (Deshmukh & Chaudhari, 2011). Dickson (1966) has identified 50 distinctive criteria to be carefully considered when selecting a supplier, referred as the *Vendor Evaluation System* (VES). The purpose of VES is to enable long-term cooperation between organizations and suppliers. Although the 50 criteria were created to benefit vendor evaluation, the literature primarily associates VES with influences in supplier selection. To be able to select a supplier, an effective VES is required (Luzzini et al., 2014). Among the 50 VES criteria are *price optimization*, *quality*, as well as *communication and trust* considered to be important influences (Jayshingpure et al., 2016).

Firstly, to sustain a competitive position on the global market, organizations must achieve *price optimization*, which refers to obtaining higher quality, simultaneously as reducing costs (Amid et al., 2009). Among Dickson's (1966) VES criteria, Scott et al. (2019) highlighted that price is often ranked as the most important influence when selecting a supplier. Various research indicated that cost factors are the primary influences in organizations' supplier selection processes (Scott et al., 2018; Prior et al., 2021; Yazdani et al., 2020). Supplier selection is therefore important for organizations to achieve cost reduction (Amid et al., 2019). Nevertheless, Qian (2014) argued that there is a limit in cost increase due to quality performance increase, meaning that organizations are not always willing to increase their costs in line with increased quality performances.

Secondly, Pearce (2007) mentioned that product *quality* and market demand are recurrent influences for organizations when selecting a supplier. In today's business environment, customers' expectations have resulted in an increased importance of product quality for organizations to obtain a competitive advantage on the market. Since the finished product depends on the parts purchased from a supplier, the supplier selection plays a big role to obtain product quality (Shu & Wu, 2009). Since suppliers are characterized differently, there will not remain one single supplier to be the ultimate. In fact, several different suppliers with different delivery performances could be argued to be as good as cooperating with one single supplier (Ernst et al., 2007).

Third, organizations predominantly focus on the price and quality aspects in the supplier selection process. However, to reduce risks when selecting a supplier, *communication* between the parties is necessary to establish a relationship. In addition, to gain *trust* between the parties



is also important to achieve reliability (Prior et al., 2021; Yazdani et al., 2020). Furthermore, trust between an organization and supplier is defined as a mutual belief that both partners are able to fulfil their promises (Prior et al., 2021). Prior et al. (2021) therefore highlighted supplier-trust and reliability as a necessary criterion when selecting a supplier. According to Yazdani et al., (2020), organizations often tend to improve their productivity, efficiency, and profitability because of an established relationship with their supplier. Therefore, the question “*can I trust you?*” is justified when selecting a supplier (Prior et al., 2021).

Yazdani et al. (2020) argued that organizations’ relationships with their suppliers improve their productivity, efficiency, and profitability. There are several different theories that considers relations and networks (Teixeira et al., 2019). Granovetter’s social network theory is used to describe the importance of networks and relationships between supplier and organization.

Granovetter (1973) described social networks as systems of ties that are connected in some kind of relationship, where the ties are considered to be a positive component in the relationship. There are two different ties involved in the theory, weak ties and strong ties. The factors that determine the strength of the ties includes contact frequency, the time spent to maintain the relationship, the durability of the interaction, the utility provided by the relationship and the amount of intimacy involved. Granovetter (1973) explained that relationships with weak ties are preferable since the linkage between two weak-tie networks contributes to more insights from outside of the network. In contrast, strong ties often exchange redundant and irrelevant information, which is why weak ties are more beneficial between networks.

It could be argued that organizations are able to contribute to attaining sustainable tourism through their supplier selection process. Organizations have requirements and demands on their suppliers which in turn will have a positive impact on the suppliers’ social, economic, and environmental performances (Li et al., 2019). The selection of a suitable supplier can therefore be done through VES (Luzzini et al., 2014). In addition, to select suppliers, risk consideration is necessary to mitigate or eliminate risks (Ernst et al., 2007; Li et al., 2019).

### **2.3.2 Supplier selection risks**

Yazdani et al. (2020) discussed that today’s organizations operate in an unpredictable and risky business environment. Supplier selection risks are argued to be the most widely studied risk type within the supply chain (Yoon et al., 2018; Ho et al., 2015).

Supplier selection risks are defined as an incident associated from individual supplier failures. The outcomes result in the inability to meet customers' demands or cause threats to environmental life and safety (Alikhani et al., 2019). Examples of supplier selection risks include governmental factors, natural disasters, technological issues, defect product quality, geographic location, and financial status (Yazdani et al., 2020). Supplier selection risks is a critical issue for organization as it can cause various difficulties such as late deliveries, defect quality, uncertain capacity, and poor supplier service (Yoon et al., 2018). In addition, Yazdani et al. (2020) argued that supplier selection without risk consideration, could cause the organization undesirable results and financial losses.

Tang (2006) discussed external disruptions as a part of supplier selection risks. Such risks are for instance environmental disasters or economic crises. Moreover, four factors are suggested to reduce or manage the impacts from external disruption, which are; (1) supply management (2) demand management (3) product management (4) information management. Firstly, an organization can collaborate with suppliers to ensure an efficient supply of materials and product components. Secondly, cooperation with suppliers is important to influence the demand. Third, an organization has the ability to modify their product or service to match the market demand. Lastly, the flow of information between all parties is a key element for maintaining a good communication (Tang, 2006).

Furthermore, Foerstl et al. (2010) highlighted that supplier selection has a significant impact on an organization's sustainable practices. However, organizations tend to require practices from suppliers in developing countries that cannot be completed in the long run, which is why cooperation between organizations and suppliers as well as education is necessary (Anisul et al., 2014). In later stages, irresponsible supplier behavior could be perceived as a risk due to reputational damage and costly legal obligations for the organization. However, supplier qualification and supplier monitoring are costly activities for an organization which require financial resources and time (Foerstl et al., 2010).

Sherer & Cho (2003) discussed that perceptions regarding supplier selection risks vary between different social networks. Meaning that the networks often react differently to the same risk, such as quality risks, natural disasters and risks concerning sustainability. Functioning social networks and communication are therefore important influences since they contribute to an increased flow of information, resulting in risk reduction (Sherer & Cho, 2003).

## 2.4 Theoretical summary

Table 1 presents a summary of the previously discussed literature review and summarizes the influences within the local supplier selection in the light of sustainable tourism.

**Table 1.**

*Summary of supplier selection*

<b>Attribute</b>	<b>Description</b>	<b>Main references</b>
<b>Sustainable Development Goals (SDG)</b>	- Sustainability framework  - United Nation's Agenda 2030 SDG 12 and 12A	<i>United Nations (n.d), Sarkis &amp; Dhavale, 2015.</i>
<b>Sustainable Supply Chain Management (SSCM)</b>	- SSCM as a part of sustainable tourism  - Norms and standards as guidelines to quality aspects	<i>Sarkis &amp; Dhavale (2015), Meixell &amp; Luoma (2015), Jia et al (2019), Zailani et al. (2012), Harms et al. (2013), Seuring &amp; Müller (2008), Trkman &amp; McCormack (2009).</i>
<b>Supplier Selection</b>	- The importance of supplier selection as a part of SSCM and sustainable tourism  -Local supplier selection as a sustainable option	<i>Li et al. (2019), Yazdani et al. (2020), Yoon et al. (2018), Zhan et al. (2021), Sheyvens &amp; Laies (2021), Tseng &amp; Chen (2014), Whitfield &amp; Staritz (2021).</i>
<b>Vendor Evaluation System (VES)</b>	- 50 criteria within the VES for supplier selections  - Price optimization, quality and communication and trust are the main important influences	<i>Dickson (1966), Amid et al. (2009), Scott et al. (2018), Prior et al. (2021), Pearce (2007), Shu &amp; Wu (2009)</i>
<b>Supplier risks</b>	- Potential risks in the supplier selection. E.g. quality, uncertain capacity and poor service	<i>Yazdani et al. (2020), Yoon et al. (2018), Foerstl et al. (2010), (Tang, 2006)</i>

## 2.5 Conceptual model

The purpose of this study is to explore what influences a hotel chain's supplier selection in the light of sustainable tourism. To analyze the influences, a conceptual model has been developed (Figure 2). The aim of the conceptual model is to simplify the understanding of the literature review, which later in this study will be used to put the empirical data in relation to the literature. The conceptual model includes elements from the United Nation's *Sustainable Development*

*Goals (SDG), Sustainable Supply Chain Management (SSCM), Vendor Evaluation System (VES) and Supplier Selection Risks.* The conceptual model is aimed to be read from left to right, consisting of two spheres, followed by a trident. The trident is divided into three supplier selection influences found in the literature review. Moreover, a clamp over the two spheres and the trident visually shows how the UN's SDG's and sustainable tourism is related to the subject. Since this study is permeated by sustainability aspects, it is important to illustrate how influences within supplier selection can be viewed from a sustainability perspective.

The first sphere, to the left in the conceptual model, describes *Sustainable Supply Chain Management (SSCM)*. The importance of SSCM has increased since organizations in greater occurrence require their suppliers to work in accordance with the UN's SDGs (Sarkis & Dhavale, 2015). Since SSCM provides organizations the opportunity to incorporate sustainable practices in their supplier selection (Meixell & Luoma, 2015; Jia et al., 2019), the supplier selection is a key element to improve its environmental, social, and economic impacts (Li et al., 2019).

The second sphere in the conceptual model is named *supplier selection*. The increasing awareness and requirements regarding sustainability from various stakeholders has resulted in an increased implementation of sustainable practices when selecting a supplier (Li et al., 2019; Zhan et al., 2021). Local suppliers are considered as a growing attraction as it can obtain advantages for the organization such as tacit knowledge from suppliers' expertise (Tseng & Chen, 2014).

A double-sided arrow between the two spheres illustrates the connection between the parts in the conceptual model; SSCM is needed to perform a successful supplier selection, as well as supplier selection is needed to perform SSCM. To illustrate SSCM and supplier selection as elements in sustainable development, they are placed underneath the headlines *United Nation's Sustainable Development Goals* and *Sustainable Tourism*.

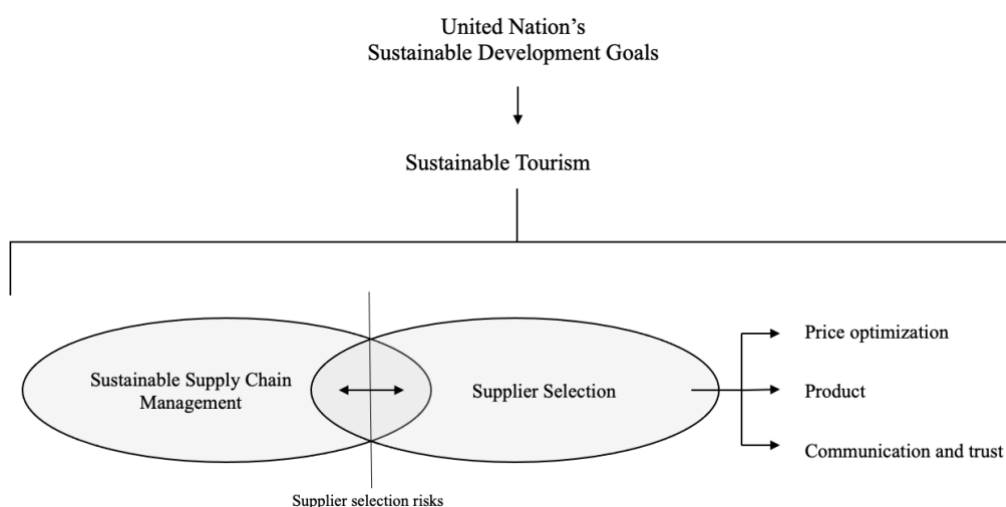
The line in the conceptual model between the two spheres of SSCM and Supplier Selection, is named *supplier selection risks*. Yazdani et al. (2020) argued that today's unpredictable business environment has resulted in organizations facing various risks when selecting a supplier. Since supplier selection risks involves late delivery, defect quality, poor service and uncertain capacity, supplier selection risk is a critical issue for organizations (Yoon et al., 2018). Poor risk consideration could also result in irresponsible supplier behavior which will affect the

organization’s sustainability practices negatively (Foerstl et al., 2010). Therefore, risk consideration is necessary for organizations to avoid financial losses and undesirable results (Yazdani et al., 2020).

Farthest to the right in the conceptual model, a trident illustrates the three main supplier selection influences; *price optimization*, *product* as well as *communication and trust*. The three supplier selection influences can be found within the VES theory (Dickson, 1966). Various researchers consider these three to be the most important influences when selecting a supplier (Scott et al., 2018; Prior et al., 2021; Yazdani et al., 2020; Shu & Wu, 2009).

Firstly, research have indicated that *price optimization* is the primary influence for organizations when selecting a supplier (Scott et al., 2018; Prior et al., 2021; Yazdani et al., 2020), where Amid et al. (2019) argued that supplier selection is critical to achieve cost reduction. Secondly, *product* related influences include quality and market demand (Pearce, 2007), which are important factors to consider for organizations to sustain competitive on the market (Shu & Wu, 2009). Since the finished product depends on parts purchased from a supplier, the supplier selection is a crucial part to obtain product quality (Shu & Wu, 2009). The third influence, *communication and trust*, involves the importance of establishing a relationship or network to gain trust and achieve reliability (Prior et al., 2021; Yazdani et al., 2020). According to Yazdani et al. (2020), a relationship with the supplier improves productivity, efficiency, and profitability within the organization

**Figure 2.**  
*Conceptual model*



## 3. Method

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The following chapter will present the research methodology of this case study. Firstly, the theoretical method will be introduced which will be explained through the research approach. Secondly, the empirical method will be presented which will provide the research design and strategy as well as the data collection. Lastly, the study's trustworthiness will be discussed.

### 3.1 Research approach

The research approach is directly attributable to the empirical evidence and discusses how the material will be used and expressed in the study. The research approach is divided into three orientations, namely; deductive, inductive, and abductive (Lind, 2019; Bell et al., 2019). The abductive approach has been utilized throughout this study as it discusses different theoretical models in order to seek explanations and connections (Lind, 2019). The purpose of this study is to explore what influences a Sri Lankan hotel chain's local supplier selection in the light of sustainable tourism, whereas it has been possible to contribute with new combinations of theoretical models and concepts.

Supplier selection and sustainable tourism are two researched fields that have been researched separately (Sheyvens & Laeis, 2021; Zhan et al., 2021; SLTDA, n.d). This study aims to contribute to this research field by putting supplier selection and sustainable tourism in relation. It could be argued that research relying on an abductive approach successively modify the theoretical framework (Awuzie & McDermott, 2017). Nevertheless, the abductive approach has benefited this study as it enabled more flexibility during the research process. The empirical material was collected simultaneously as the literature review took form. Therefore, we discovered that some concepts were more suitable for fulfilling the study's purpose. To further explain why the abductive approach was useful for this study, two examples will be presented.

Firstly, it was discovered through the study's research process that supplier selection was more clearly described through Vendor Evaluation System (VES) than the theory used in the first place. The VES provided a better understanding of what influences the supplier selection in a hotel chain. Therefore, it better fulfilled the purpose of deriving the research from reality. Thus, revisions of the literature review occurred during the research process.

Secondly, the VES does not discuss risk factors in the supplier selection process. However, according to the empirical findings, risk factors should be considered in order to successfully select a supplier. Therefore, the section of supplier selection risks was added after it was discovered as a potential supplier selection influence in the empirical data.

To summarize, the abductive approach has been a central part in this study since the empirical material have been collected simultaneously as the theoretical framework was developed. The study's purpose is to contribute further to the research field, which is why the abductive approach was the most suitable approach for this study.

### **3.2 Case Study**

The aim with a *case study* is to focus on a specific phenomenon and investigate particular events, relationships, and experiences in-depth (Denscombe, 2014). Denscombe (2014 p. 54) describes case studies as “*the aim is to illuminate the general by looking at the particular*”. Therefore, to generate deep empirical data regarding the phenomenon local supplier selection in the light of sustainable tourism, a specific hotel chain is investigated. To be able to contextualize the case, three data collection methods have been used; semi-structured interviews, participant observations and documentary analysis.

The investigated hotel chain has four and five-star rated hotels across Sri Lanka. The hotel chain has worked with sustainability policies and certifications as a part of their daily business since their establishment a couple of decades ago. In order to meet their customers' demands, the hotel chain is cooperating with both local and foreign suppliers. The hotel chain's wide range of suppliers contributed to a curiosity to investigate what influences their supplier selection in the light of sustainable tourism.

Currently, Sri Lanka is affected by an economic crisis which has had major economic consequences for the whole population. The economic crisis arose due to large debts to foreign lenders states. This resulted in a decline of the Sri Lankan rupee's by more than 30% against the US dollar, causing major shortages of fuel, gas and electricity (Yeung, 2022). Through the empirical data collection, it was observed that the depreciation of the Sri Lankan currency had a major impact on the whole society, including the hotel chain. Therefore, it has been of

importance to contextualize the case to see below the surface and discover the reality from the hotel chain's perspective.

### **3.3 Research strategy**

Due to this case study's purpose, verbally expression and several perspectives are required in order to answer the research question. According to Bell et al. (2019) a qualitative research design is perceived as more helpful when analyzing a case. Thus, Bell et al. (2019) discuss disadvantages of using a qualitative research strategy. For instance, qualitative research has a tendency to be subjective and findings often rely on personal relationships that has been developed with the people studied. Thus, the premises of the study is to investigate and interpret human behavior. Therefore, it was necessary to have an interpretivist approach and to interpret the empirical material since this study aims to investigate "what" and "why" regarding supplier selection influences (Bell et al., 2019).

To provide a deep understanding and a wide perspective, three qualitative methods were used, with the aim to achieve trustworthiness. The first method used was qualitative interviews with six managers in the hotel chain, where the aim was to intercept influences within the hotel chain's supplier selection. The second method used was participant observations. The observations gave the opportunity to explore the social reality of the hotel's supplier selection and the country's ongoing economic crisis in its natural environment. The third method used was documentary analysis in order to contextualize the case.

### **3.4 Data collection**

A qualitative research design is suitable for gaining a deep understanding of the phenomenon in question (Bell et al., 2019). The following section will present the three qualitative methods used in this study; *qualitative interviews*, *participant observations* and *documentary analysis*. Additionally, the findings in the interviews, observations and documentary analysis function as the basis for the study (Lind, 2019).



### 3.4.1 Qualitative interviews

In *qualitative interviewing*, the main interest is nuanced and detailed answers from the respondent's viewpoint (Bell et al., 2019; Lind, 2019). The study's purpose is to intercept influences within the supplier selection in light of sustainable tourism, through dealing with the respondents' attitudes, motives and perceptions. Therefore, qualitative interviews are suitable for this study.

Lind (2019) argue that qualitative interviews are characterized by being flexible. Due to the respondents' varying knowledge of supplier selection, it is an advantage to be able to add or remove interview questions depending on whom to interview. To have the opportunity to be flexible and ask the respondents for clarifications and supplementary questions, a *semi-structured* interview was chosen. In order to match the interview questions with the respondents' knowledge and position, the interview guide was omitted on certain occasions in order to gather as relevant empirical material as possible. In addition, the semi-structured interview-guide also consisted of open-ended questions to not limit the answer options (Denscombe, 2014). Furthermore, due to ethical considerations, all respondents signed a consent form, confirming their agreement to the conditions regarding audio recordings and transcriptions of the interviews.

All respondents who participated in this study have managerial positions within the hotel chain such as; sous chef, chief accountant, supply chain manager, sustainability manager, hotel manager and lastly health and safety manager. Four out of six interviews were held face to face. Thus, one negative effect of the visual aspect could be that the respondents may be affected by visual characteristics such as age, gender and ethnicity (Bell et al., 2019). Since the respondents had a different ethnicity, and in most of the cases a different age and gender, there is a chance that this might have affected the answers (Denscombe, 2014). In addition, two of the interviews were held through video calls due to a heightened safety risk of traveling to the capital Colombo during the ongoing economic crisis. Bell et al. (2019) argue that video calls are similar to the face-to-face interviews since the visual element remains.

Despite the advantages with qualitative interviews, some disadvantages have been taken into consideration. Firstly, interviewing tend to be less neutral due to its formality. This could be put in contrast with observations that takes place in usual events and exerts in its natural and informal setting (Bell et al., 2019; Lind, 2019). Bell et al. (2019) also discuss a second disadvantage, namely the lack of insights of social interactions and behaviours because

interviews focus on the verbal behaviours. On the other hand, since the interviews in this study are complemented by observations and documentary analysis, these disadvantages will have small impact on the study's outcome.

#### 3.4.1.1 Sample selection

The research question of this thesis is “*What influences a Sri Lankan hotel chain's supplier selection in the light of sustainable tourism?*” which could give a hint of what employees that needed to be sampled (Bell et al., 2019). Respondents that are attributable to the hotel chain with knowledge of supplier selection and sustainable tourism were selected to participate in this study. It was important for this study to gain different perspectives, which was why purposive sampling worked as a basis for the sampling choices. The purposive sampling is a non-probability form of sampling, where the aim was to sample respondents in a strategic way. As a result of the abductive approach, the sample selection began with an overall plan in mind. This study has dealt with two different samplings; (1) when selecting which hotel chain to study and (2) whom to interview.

The first selection concerned which hotel chain to study. Since there was an agreed access within the selected hotel chain, other hotel chains were not considered. Due to this study being a case study, the access was of importance. The majority of the interviews were conducted at one specific hotel within the chain. This hotel is situated in an area with an expressed established tourism, which was considered to be the safest alternative when visiting Sri Lanka. However, since the majority of the respondents operates within the same hotel, it could have an impact of this study's outcome. Therefore, the empirical data could differ depending on which hotel within the hotel chain has been selected. Nevertheless, regardless of which hotel within the chain would be selected, the trustworthiness of the study would not be affected significantly.

Secondly, to select respondents, a sequential sampling approach was used. The sampling was seen as an evolving process that gradually added samples as it benefited the research question. Since access was given to the selected hotel chain with numerous employees, there was no need for a fixed purposive sampling strategy. The reason for this was that a fixed purposive sampling strategy would have inhibited the development of new possible perspectives (Bell et al., 2019). Due to the given access within the hotel, there was a curiosity of how far the access could be stretched. Therefore, the respondents were asked whom to interview next after each finalized

interview. However, the respondents' knowledge regarding supplier selection influences and sustainable tourism was still an important factor in the selection process.

Within the sequential approach, the sampling continued until data saturation was reached. There was no need of additional empirical data since it would not have stimulated new theoretical understandings of dimensions. Since the selected respondents were employees within the same hotel chain, certain similarities were discovered in the respondents' answers. However, it could be questionable why the interviews were not extended to other hotels chains due to the similarity in the answers. Nevertheless, since this study is permeated by a case it was only relevant to investigate one specific hotel chain.

Furthermore, to ensure the integrity of the respondents, any data that could reveal a respondent's identity has been anonymized. The respondents were therefore named with letters (Table 2). Nonetheless, the anonymization could be argued to be a limitation in the study's trustworthiness, which is further discussed in chapter 3.6.

**Table 2.**

*Summary interview respondents*

<b>Date</b>	<b>Respondents</b>
2022-03-24	Manager A
2022-03-24	Manager B
2022-03-24	Manager C
2022-03-25	Manager D
2022-03-30	Manager E
2022-03-31	Manager F

### 3.4.1.2 Interview guide

For the semi-structured interviews, an *interview guide* with a list of topics were created with the purpose to cover desirable topics during the interviews. Due to the characteristics of a semi-structured interview, the interview guide (Appendix A) was formulated with open questions to avoid limitations in the respondents' answers (Bell et al., 2019). The purpose with open questions was to be able to conduct the interviews in form of a conversation rather than a typical

formal interview since a conversation can capture more valuable reflections and nuanced answers compared to a formal interview (Bell et al., 2019).

The introductory stage of each interview contained formalities such as a thesis presentation and individual presentations. Also, conditions of the interview were addressed and signed. During the second stage of the interview, the aim was to cover three different topics, namely “local suppliers”, “sustainable development” and “relations and networks” (Appendix A). The topics were based on the literature review and the conceptual model (Figure 2). Moreover, the three topics were relevant to answer this case study’s research question “*What influences a Sri Lankan hotel chain’s supplier selection in the light of sustainable tourism?*”. To cover the three topics and gather relevant information for the study, 18 interview questions were formulated, where each interview lasted approximately 45 minutes.

To sum up the interviews, each respondent was asked the following question; “*As a final question: For us to understand the subject even deeper, what should we ask you that have not been asked in this interview?*” (Appendix A). The aim with this question was to gain an even deeper understanding of the three topics and to encourage the respondents to freely reflect about the subject. Lastly, gratitude and appreciation were expressed towards the respondents since their participation had a great significance for the study.

### **3.4.2 Participant observations**

Observations have traditionally been characterized as a perfect ideal to good research since they study the social world in its natural habit, where even a limited amount of data often contribute to the study (Tjora & Torhell, 2012). The observations allowed a close participation and captured the respondents in their natural setting (Bell et al., 2019). In this study, observations were suitable as a second qualitative method since it gave a deep understanding and broad perspective of what influences the hotel chain’s supplier selection. Thereby, *participant observations* were conducted.

The participant observations evolved as a second method and were conducted in parallel with the interviews. The first observation was unplanned since one of the interviews was spontaneously extended to an observation in the goods of receipt. The second observation was conducted with the purpose to gain extended knowledge of Sri Lanka’s current economic crisis. Since the participant observations in this study were of unstructured character, it was impossible

to predict the upcoming attributes and behaviors. Therefore, it was not possible to conduct observation schemes before the observations took place.

Participant observations without schemes gave the opportunity to capture new data and to be openminded of behaviors and details (Bell et al., 2019). If observation schemes were used, it could have inhibited the data collection since the observatory could have had a perception of a certain situation beforehand. On the other hand, without a scheme, the field notes relied more on the personal memory because of the unnatural setting of taking notes (Bell et al., 2019). However, it was noted that the participants forgot about them being observed, and taking notes was not something that interrupted the natural setting. According to Tjora & Torhell (2012) participants often forget about them being observed, even though the role as an observatory is distinct.

The unstructured participant observations gave the opportunity to discover peoples' actions and how they interact in their natural habit. It is argued that observations could affect the behavior of those people being observed, by for instance, working harder or acting more ethically (Saunders et al., 2019). Nevertheless, due to the unplanned event, there was no room for any of the parties to stage any scenarios beforehand that would have changed the perception of the observation.

The purpose of the participant observations was to capture new data that was not mentioned in the interviews. Since the respondents saw certain behaviors as a matter of course, the observations were adequate compliments to the interviews and documentary analysis. Because of the observations being unstructured, it was challenging to identify when the empirical data was enough since the method lack an obvious end-point. However, similar to the interviews, the data collection continued until data saturation (Bell et al., 2019; Tjora & Torhell, 2012). The observations took place during two different occasions and were therefore divided into two subheadings; *Observation A* and *Observation B*.

#### 3.4.2.1 Observation A

Observation A was an extended and spontaneous part of the semi-structured interview with Manager B (Table 2). Manager B invited us to participate at the receipt of goods to visually witness the process. During the observation, jotted notes were written. The jotted notes consisted of brief notes of the event to keep it fresh in memory (Bell et al., 2019). The jotted

notes were later written in detail and became a full field note that functioned as empirical data in this study (Appendix B). During this observation we acted in the role of observer-as-participant. The primary purpose was to observe, but in some cases, it was necessary to engage in order to be able to continue the observation. For example, questions were asked in order to clarify and improve our understanding for the goods receipt influences in the supplier selection. However, the participation in the observation was low and predominantly focused on conducting the observation.

### 3.4.2.2 Observation B

Since it was discovered that many of the answers during the interviews were embossed by Sri Lanka's economic crisis, the second observation was conducted during a one-month period with the purpose to visually sample empirical data regarding the ongoing crisis. Observations as complete participants gave the opportunity to conduct observations in social settings in which we already participated in (Saunders et al., 2019). Those social settings were informal conversations with the hotel chains' employees as well as the local inhabitants.

The people involved in the observation were not aware or informed that they were participating in a study which could be ethically questionable. When acting as a complete participant during the observation, it could be perceived as spying. According to Saunders et al. (2019), it is argued that observation as a complete participant should not be adopted if it could cause risks of individuals being exposed. Nevertheless, due to the study's anonymization with the purpose to respect the participating individuals' integrity, such risks did not arise.

### 3.4.3 Documentary analysis

The third data collection method used in this study was *documentary analysis*. Documentary analysis is a method where documents are used as the source of data. The documents can exist as a written text, visual sources, or digital communication (Denscombe, 2014). The purpose with documentary analysis was to gain a deep insight about the study's case context. Due to the country's economic crisis, the hotel chain was operating in a unique and challenging environment. Therefore, it was important to investigate to what extent the crisis could affect what influences the hotel chain's supplier selection in order to conduct a relevant and trustworthy analysis.

The documentary analysis was made through analyzing documents as a source of accessed digital communication in terms of online news articles. By using documentary analysis, valuable information was accessed. However, being discerning of used information is challenging and internet sources need special scrutiny. Therefore, documents used in this observation have been analyzed with great consideration and source evaluation to obtain the study's credibility (Appendix D).

### **3.5 Empirical data analysis**

The empirical data was analyzed to identify what influences the hotel chain's supplier selection in light of sustainable tourism. Since this study consists of three qualitative methods, the empirical data analysis has been divided into three parts; semi-structured interviews, participant observations and documentary analysis.

#### **3.5.1 Semi-structured interviews**

The empirical material from the semi-structured interviews were first transcribed. The transcribes were necessary to refresh the memory (Bell et al., 2019), as well as to support detailed data searches and enable data comparisons (Denscombe, 2014). All six interviews were transcribed extensively, where the process took approximately 18 hours and consisted of 39 pages of transcribed material.

To find relevant themes in the empirical data, a coding process was necessary. This was done by using a thematic analysis approach. The thematic analysis provided a systematic approach and allowed flexibility to understand what factors that underpinned the respondents' answers during the interviews (Saunders et al., 2019). By combining the abductive approach with the thematic analysis during the first round of coding, an exploration of new influences in the supplier selection was allowed. The establishment of the theoretical framework and the gathering of empirical data were done simultaneously, which resulted in new explored influences.

When the interviews were transcribed, two rounds of coding were executed. The first step in the first coding process was to identify and code the empirical data. Since the study is permeated

by an abductive approach, the conceptual model (Figure 2) was used as a benchmark when coding the empirical data. This contributed to the findings of new influences within the supplier selection process. The coding was done through color-coding with labels named “sustainability”, “people”, “price”, “product” and “crisis”. Statements and valuable reflections were highlighted in different colors in the transcribed interviews to distinguish the different themes. The themes found were *price*, *product* and *people* and will further in this study be referred to as the 3P’s. The two labels “sustainability” and “crisis” are not analyzed as individual themes but were instead integrated into the analyzes of the 3P’s. The themes provided an increased understanding of what influences the hotel chain’s supplier selection in light of sustainable tourism.

When the 3P’s were identified, a second round of coding was performed which resulted into this study’s findings which were nine supplier selection influences. Since the empirical data was the basis for identifying the nine influences, the second round of coding had the characteristic of an inductive approach. The inductive approach had the empirical evidence as the basis in the research. The research process began searching for patterns and explanations to build theoretical concepts and models. The inductive approach allowed generalized conclusions based on observations (Lind, 2019). Since the aim was to contribute to the research field further, it was necessary to develop previous research with new angles of approach. Three influences were found among each P, resulting into a total of nine identified influences. Each influence was further enhanced with quotes from the interviews to increase the understanding of what influences the hotel chain’s supplier selection.

### **3.5.2 Participant Observations**

The participant observations were conducted during two occasions and were therefore analyzed in two steps. Jotted notes were written down during both observations which resulted into several pages of fieldnotes (Appendix B; Appendix C). Since we discovered that the economic crisis affected the whole Sri Lankan population, it was necessary to investigate the hotel chain’s surrounding environment. The opportunity to see the economic crisis from the inhabitants’ perspective provided a deeper understanding of the hotel chain’s context.



### 3.5.3 Documentary analysis

When using documentary analysis within this case study, different sets of documents were collected. The documentary analysis was conducted simultaneously as Observation B (Appendix C) and took place during a one-month period. During Observation B, events linked to the country's economic crisis were observed (Appendix D), where the documentary analysis contributed to a deeper understanding regarding the extent of the crisis. Furthermore, the data was collected through news websites. Few international news agencies gave reports on the country's economic crisis, resulting in most articles being accessed through local news agencies' websites

Furthermore, the findings consisted of several articles concerning the increasing gas and fuel prices, the political unrest, the rising inflation, the depreciation of the Sri Lankan currency, and the lack of foreign currency. By applying the findings from the documentary analysis on the findings from the interviews and observation, an overview of the case context was generated. This was advantageous in the analysis of findings, as it contributed to an understanding that the supplier selection may be influenced by the country's challenging economic situation.

## 3.6 Trustworthiness

Four criteria were considered to achieve trustworthiness in this case study. It was important to gain a trustworthiness to create a relevance that is applicable to further studies in the research field of supplier selection. The criteria for trustworthiness are credibility, transferability, dependability, and confirmability (Bell et al., 2019).

Firstly, *credibility* refers to how believable the findings are (Bell et al., 2019) and if the researchers have used accurate and appropriate data (Denscombe, 2014). The findings and the empirical data in this study were carefully analyzed, which contributed to the study's credibility. Thus, the ongoing economic crisis in Sri Lanka could affect this study's credibility since findings regarding supplier selection influences may be permeated by the country's economic situation. Therefore, it was important to investigate the economic crisis to understand the context of the hotel chain.

Secondly, the criterion *transferability* discusses if the study's findings are applicable to other contexts (Bell et al., 2019). Since this study is a context dependent case, with the purpose to

investigate a Sri Lankan hotel chain's supplier selection in the light of sustainable tourism, there might be limitations regarding the study's transferability. The findings might vary between countries due to economic, cultural, and educational differences. However, since the empirical data were collected in an established hotel chain, the findings are transferrable to other hotel chains as well with consideration to the context-based case.

Third, a study's *dependability* refers to if the findings are applicable to other times. Meaning that complete documentation is kept through all phases of the research in an accessible way (Bell et al., 2019). To maintain dependability, interview recordings, transcriptions, and field notes has been stored on various devices in an accessible way throughout the research process. Lastly, *confirmability* discusses if the researchers has let their own values and beliefs affect the choices made during the study (Bell et al., 2019). However, due to the interpretivist approach, interpretations have been made when analyzing the empirical material. The interpretations were necessary to understand the empirical data and to identify what influences the hotel chain's supplier selection.

To ensure *transparency*, the research processes are clear and explained in detail. However, the limitations regarding the anonymization's impact of the trustworthiness in the study has been considered. The anonymization of the data could be perceived as untransparent. However, due to ethical considerations, anonymization was a necessity to be able to conduct the study. Ethical considerations in this context are referred to as protecting the respondents' privacy, as well as avoidance of harm (Bell et al., 2019). In addition, since the study is conducted in Sri Lanka, which for us, is a country with many cultural differences, the anonymization worked as a safety measure. Nevertheless, the establishment of the hotel chain and the respondents' wide knowledge of the subject strengthens the empirical data being meaningful and sufficient for the research. Due to the wide knowledge and managerial positions of the respondents, we believe that the anonymization does not affect the relevance of this study neither the contribution for further research.

Another way to achieve trustworthiness is through *triangulation*. According to Bell et al. (2019) the concept of triangulation is as a qualitative approach for using multiple research methods to improve the trustworthiness of the findings. The combination of methods in the study resulted in more specific and accurate qualitative data (Bell et al., 2019). In this study, six semi-structured interviews, two participant observations and a documentary analysis were used as research methods. By combining findings from interviews, observations and the documentary

analysis, an understanding of the hotel chain's complex context was provided, resulting in a relevant analysis and discussion. This in turn enhanced the credibility of the study (Tjora & Torhell, 2012).

This study aims to explore what influences the local supplier selection in a Sri Lankan hotel chain, in light of sustainable tourism. In order to receive relevant empirical data, three qualitative methods were used; *semi-structured interviews*, *participant observations* and *documentary analysis*. The extensive amount of empirical data resulted in valuable findings where a thematic analysis has been used to seek connections and to retrieve back to the literature review. The following chapter will present the empirical findings and analysis.

## 4. Empirical findings and analysis

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This chapter will present the empirical findings from the interviews, observations, and documentary analysis. The study's purpose is to explore what influences a Sri Lankan hotel chain's supplier selection and how this contributes to sustainable tourism. The aim with the empirical findings and analysis was to further contribute to the research field of local supplier selection. Despite the fact that the case study is context dependent, it is possible to adapt the findings and analysis on other hotel chains as well.

### 4.1 Influences in the supplier selection

Previous research has primarily focused on supplier selection without considering the relation to sustainable tourism. The aim was to fill this research gap and to contribute to an increased understanding of how supplier selection and sustainable tourism is related. Therefore, an extensive chapter of empirical findings and analysis will be presented in this section. This analysis section has been structured in three themes that emerged in the empirical material, namely *price influences*, *product influences* and *people influences*. The themes were further derived from the conceptual model (Figure 2). More importantly, there are three identified supplier selection influences within each theme. The nine identified supplier selection influences were the main findings of this study and contributed to filling the study's research gap.

#### 4.1.1 Price influences

During the interviews, the respondents were asked questions regarding price factors as an influence when selecting a supplier. All respondents agreed and expressed how price influences were one important influence when selecting a supplier. However, the respondents phrased the importance differently and within the theme price, three influences were found; *price optimization*, *price variation* and *financial resources* (Table 3).

**Table 3.***Price influences*

Theme	Influences	Illustrative quotes
Price	Price optimization	<p>“... because of transportation is very expensive and because of that we need to buy in bulk to get that discount. /.../ the biggest problem of buying locally is to maintain quality and quantity.” - Manager A</p> <p>“... there is definitely a hit on the profitability. Because in sustainability aspects, we cannot do cheap things.” - Manager D</p>
	Price variation	<p>“... and also the pricing variations. /.../ Even though there is a contract, they be like we cannot supply to this price.” - Manager D</p> <p>“The risks I see when working with a local supplier is availability, price variations and quality.” - Manager A</p>
	Financial resources	<p>“So all those things they had to give up because they were not financially stabilized to maintain their properties” - Manager E</p> <p>“Make sure you know you check their accounts to make sure they have enough funds” - Manager A</p>

#### 4.1.1.1 Price optimization

The first influence found was *price optimization*. Among Dickson’s (1966) VES criteria, price optimization is often ranked as the most important influence in supplier selection (Scott et al., 2019) which is illustrated in the conceptual model (Figure 2). The empirical findings indicated that there is a heightened importance of cost consideration due to Sri Lanka’s current economic crisis (Appendix D: 2). The economic crisis could be argued to be a supplier selection risk (Tang, 2006), witnessed in Observation B (Appendix C) and the documentary analysis (Appendix D: 2; 3; 5; 8; 14; 15). One way to keep the country’s foreign exchange within the country is through cooperating with local suppliers which in later stages could improve the country’s living standards in accordance with UN’s SDGs (United Nations, n.d).

The majority of the respondents implied that the hotel chain consumes large amounts of goods, which is why they must purchase some of their products in bulk. Purchasing in bulk is necessary for the hotel chain to achieve *price optimization*. However, Manager A mentioned that one limitation and difficulty that comes with price optimization is the fact that local suppliers often

lack the ability to deliver quality products in bulk. This has resulted in that the hotel chain rejects local suppliers that are not able to supply in bigger quantities. Thus, bulk supply is an important supplier selection influence, which was further noticed during Observation A (Appendix B) where goods in large quantities were received. Why cannot local suppliers deliver in bulk? The primary reason is that developing countries such as Sri Lanka often struggle with limited access to capital and technology (Sheyvens & Laies, 2019).

Due to the access limitations in technological advancements, factory machines and transportation vehicles are unusual for instance, the local suppliers have no opportunity to produce nor supply in bulk. Manager D stated; “... *to reach a sustainable tourism the government contribution must be there*”. The quote means that the limited opportunity for local suppliers to supply in bulk is beyond the hotel chain’s control. What is needed is an external driver, in terms of actions taken from the government (Harms et al., 2013; Seuring & Müller, 2008). The assurance of accessible local suppliers with the availability to deliver in big quantities, is a matter of education at community level, where governmental support is a crucial factor.

Several of the managers expressed that the hotel chain has a leading role regarding the attainment of sustainable tourism. Although the hotel chain has a big responsibility, the survival of the local suppliers is beyond the hotel chain’s responsibility. The hotel chain remained to support local suppliers financially even though the local suppliers tend to contribute to environmental degradation, which could be perceived as a paradox. All managers expressed that the primary reason is for the hotel chain to give back to the community and to increase the Sri Lankan peoples’ standard of living.

#### 4.1.1.2 Price variations

The second influence found was *price variations*. A recurring reflection regarding price influences involved risks linked to price variation. Price variations in this context means that local suppliers tend to deviate their contracts by unpredictably raising their prices. A contributing factor to the price variations is the current economic crisis in Sri Lanka where large parts of the society are short of financial resources (Appendix D: 2; 5; 14; 15). The economic crisis and the depreciation of the Sri Lankan currency have led to increased prices on gas, fuel, and food. The habitants’ financial struggles were also seen in Observation B (Appendix C).

Informal conversations with local inhabitants, observations of hour-long lines to gas and fuel stations, shortage of foods and 12-hour long power cuts displayed the negative impact of the economic crisis.

Price variations is also perceived as a risk (Tang, 2006; Yazdani et al. 2020). To analyze how the hotel chain could minimize the impacts from the economic crisis, Tang's (2006) four factors can be applied. Firstly, it is important for the hotel chain to obtain a good relationship and trust with the already existing suppliers to ensure their supplies. Secondly, there is a need of collaboration between suppliers and hotel chain to be able to influence the demand for what is available. Third, adequate collaboration with the suppliers is also important for the hotel chain for them to be able to modify and adjust their products due to changed customer demands. Lastly, communication between the employees in the hotel chain is important (Tang, 2006). This could be referred to Granovetter's (1973) social network theory, where communication within the hotel chain is considered as strong ties.

#### 4.1.1.3 Financial resources

The third influence found was *financial resources*. One way to avoid price variation is through controls of the local suppliers' access to *financial resources* before supplier selection. Manager A highlighted the importance of running background checks on potential suppliers to ensure that they hold enough financial resources to be enable long-term cooperations with the hotel chain. In fact, several of the hotel chain's former local suppliers have been forced to close their operations due to lack of financial resources.

Sheyvens & Lais (2019) argued that lack of financial resources is a common issue in developing countries. The local suppliers' lack knowledge of how to handle their financial resources increases the risk of shutdowns of their own businesses, resulting in hotel chains rejecting local suppliers. Furthermore, the hotel chain is a profit-driven organization where financial results are of importance. The financial results were of even greater importance during the country's economic crisis since the Colombo district have had an inflation of 18,7 percent in twelve months (Appendix D: 2). Thus, price influences must be considered when selecting a supplier, in order for the hotel chain to function and survive.

Another factor why sufficient financial resources are of importance for the hotel chain is to ensure that suppliers can afford sustainable practices, such as proper garbage disposals, to pay their employees sufficient salaries and ensure ethical work conditions (United Nations, n.d). Today's awareness and increased competitiveness on the international market regarding sustainability has resulted in a bigger pressure on organizations to implement sustainability practices (Li et al., 2019; Zhan et al., 2021). Suppliers' environmental, social, and economic performances will have an impact in the end of the supply chain (Li et al., 2019), whereby sourcing locally is one important element for the hotel chain to attain sustainability and sustainable tourism.

However, all respondents agreed that sustainability practices result in increased costs and decreased profitability for the hotel chain where costs attributable to sustainability practices is the hotel chain's work with CSR. For example, one CSR project is the hotel chain's financial sponsorship regarding the building of more dams in Sri Lanka. Nonetheless, could the profitability hits also result in a hit on the sustainability practices? To exemplify, the fact that local suppliers are not able to deliver in bulk could be problematized, since it results in imports from larger foreign organizations that are able to deliver goods in bulk quantities. Furthermore, the selection of foreign suppliers over local suppliers results in increased emission required transportations. This could be perceived as a conflict of goals, due to the hotel chain's major financial resources that are invested in sustainability practices to attain sustainable tourism.

#### **4.1.2 Product influences**

Traditionally, supplier selection has primarily been influenced by cost factors (Scott et al., 2018; Prior et al., 2021; Yazdani et al., 2020; Dickson, 1966). However, the empirical findings as well as the conceptual model in this study emphasizes the importance of product influences when selecting a supplier (Figure 2; Table 4). Since the finished product depends on the parts purchased from a supplier, the supplier selection is a major part to obtain product quality (Shu & Wu, 2009). The influences found within the theme *product* is *Quality, Market demands* and *Requirements*.



**Table 4.***Product influences*

<b>Theme</b>	<b>Influences</b>	<b>Illustrative quotes</b>
Product	Quality	<p><i>"We never jeopardize the brand standards and the quality."</i> - Manager D</p> <p><i>"/.../ They might replicate something someone else is done. That can be an issue" - Manager F</i></p>
	Market demands	<p><i>"[Local suppliers] are competitive to what international brands are offering."</i> - Manager F</p> <p><i>"We look at like 750g crab, otherwise the guests do not like it."</i> - Manager A</p>
	Requirements	<p><i>"So that preliminary is supplier audits based on GMP audits, Good Manufacturing Practices and good hygiene" - Manager C</i></p> <p><i>"Any supplier who wants to supply to the hotel chain, they have especially food and beverages, they have to follow auditing process" - Manager E</i></p>

#### 4.1.2.1 Quality

First, a common denominator found in all the interviews was product *quality* (Table 4). Even though all managers agreed about the importance of price influences in the supplier selection, the product quality is the primary influence for the hotel chain when selecting a supplier. Manager D explained that the hotel chain never jeopardizes their products' standards and quality, meaning that the hotel chain would not purchase products that do not meet their expectations regarding quality.

For a local supplier to obtain the expected product quality, technological knowledge is a critical factor. According to Manager F, the local suppliers often lack such knowledge and replicas products is an issue. The lack of technological knowledge in the country was also observed during Observation B (Appendix C), through the local hotels' usage of fuel generators during the power cuts to generate electricity. This could be perceived an unsustainable solution due to the country's economic crisis and fuel shortage, but also due to the negative environmental impact.

The lack of technological knowledge affects the product quality negatively, resulting in unsatisfied customers, which directly affects the hotel chain. Lack of technological knowledge is perceived as a risk (Yazdani et al., 2020), whereas the hotel chain should consider reduction or minimization of such risks. As a result of the lack of technological knowledge, environmentally harmful practices tend to be implemented among the local suppliers (Li et al., 2019). Cooperation with suppliers with implemented environmentally harmful practices will in turn have devastating consequences for the hotel chain's sustainability practices. Supplier selection is therefore a key element due to its sustainability impacts.

#### 4.1.2.2 Market demand

The second influence found within the theme product was *market demand* (Table 4). For the hotel chain to stay competitive on the market, it is necessary to select suppliers that offers products that corresponds to their customers' expectations. According to Pearce (2007), a crucial factor for hotel chains to stay competitive on the market is by satisfying customer demands. Therefore, to achieve customer satisfaction, a certain product quality standard must be achieved. Since the hotel chain's hotels are rated with four- and five stars, their customers have naturally high-quality expectations of the offered products. Another factor could be that customers travelling from developed countries have certain quality expectations in line with the quality on the international market. Therefore, local suppliers naturally compete with foreign suppliers. However, Manager F emphasized that local suppliers often struggle to achieve the same quality standards as the international market due to financial and technological limitations, resulting in imports of products to ensure the customers' demanded quality standards. The hotel chain takes the products' lifecycles into account, which is why, according to Manager F, entering a cooperation with a local supplier without adequate knowledge of the product could be perceived as a risk for the hotel chain.

To not be able to satisfy required customer demands is also perceived as a risk (Tang, 2006). Therefore, it is necessary for the hotel chain to enable product modifications to match changed customer demands. Product quality is a critical influence, which is why the hotel chain selects suppliers that can supply products with the demanded quality, regardless of if the supplier is local or foreign. The importance of fulfilling customer demands was noticed during Observation A (Appendix B), when high quality imported meat was received at one of the hotel chain's hotels. In this case, the supply of demanded quality meat was only accessible from

foreign suppliers due to lack of quality in the local supplied meat. Therefore, the hotel chain will experience a crossroads in prioritizing sustainable practices in terms of local suppliers or fulfilling their customers' demands.

#### 4.1.2.3 Requirements

The third influence found in the empirical material connected to the theme *product* was *requirements* (Table 4). Supplier selection involves risks that could cause the hotel chain financial losses and undesirable results (Yazdani et al., 2020; Tang, 2006), which is why successful supplier selection is a complex task. For a supplier to be selected, they must fulfill the hotel chain's requirements and audits. The requirements concern hygiene, child labor, waste management and carbon dioxide emissions which are requirements in accordance with the UN's SDGs (United Nations, n.d). SSCM (Sustainable Supply Chain Management) implements norms and standards, for instance "ISO 9000" when referring to quality aspects (Harms et al., 2013; Seuring & Müller, 2008), which the hotel chain equally does. If any of the requirements or audits were deficient, the hotel chain would reject the supplier.

The audits ensured the quality of the local supplier. However, the audits could also be perceived as a contribution to education and feedback for the local suppliers. To contribute to the community, the hotel chain provides financial or educational support to the local suppliers that are close to passing the audits. Develop and educate local suppliers is important for the hotel chain since the local suppliers' sustainable development is of equal importance to attain sustainable tourism (Harms et al., 2013; Seuring & Müller, 2008). By giving potential suppliers the opportunity and support for improvements, the quality may increase among the local suppliers. This contributes to a bigger demand for local suppliers, resulting in a higher standard of living in the country.

Manager F highlighted the Central Environmental Authority in Sri Lanka that certifies suppliers' waste management. These certificates are advantageous for the hotel chain since they simplify their supplier selection regarding requirements of their suppliers' waste management. However, Manager F problematized the fact that it does not exist any practical guideline of how to receive the certificate. Therefore, the hotel chain provides economic support to some of their local suppliers to encourage the implementation of sustainable waste management. The lack of regulations concerning waste management is an exemplification of why the governmental

support is necessary to attain a sustainable tourism in Sri Lanka (Harms et al., 2013; Seuring & Müller, 2008). Therefore, to select a local supplier would be a more natural choice by implementing a joint benefit between the government and the hotel chains to improve the local suppliers' sustainability practices.

#### 4.1.3 People influences

An established relationship is a crucial, yet important factor in order to gain trust between a supplier and an organization (Prior et al., 2021; Yazdani et al., 2020). It is further argued that organizations with an established relationship with their supplier will improve their productivity, efficiency, and profitability (Yazdani et al., 2020). Therefore, the third theme found in the empirical data was *people influences*, which was derived from *communication and trust* within the conceptual model (Figure 2; Table 5).

**Table 5.**

*People influences*

Theme	Influences	Illustrative quotes
People	Relationship	<p><i>"We are not going to have friendly friendly relationship because it is not good for the company /.../ and it will affect the product they supply" - Manager B</i></p> <p><i>"The relationship has become the critical factor. Because in the end of the day, we are working with humans." - Manager E</i></p>
	Education	<p><i>"Local suppliers don't have that kind of knowledge [in] technology" - Manager F</i></p> <p><i>"But the thing with the local suppliers is that they are not much educated /.../ they might inform you at the last minute, oh tomorrow I cannot do the delivery." - Manager D</i></p>
	Ethical considerations	<p><i>"... if they're being paid, whether they are of age to work, we don't encourage anybody under 18 to be employed" - Manager A</i></p> <p><i>"We need to look at the work condition /.../ like do they employ children" - Manager F</i></p>

#### 4.1.3.1 Relationship

First, a reoccurring term in the empirical data was *relationship*, which is the first influence within the theme *people*. According to all managers, established relationships with their suppliers are of importance, since in the end of the day, they are working with humans. However, Manager B highlighted the fine line of a business relationship and a private relationship, where private relationships with their suppliers were seen as negative for the hotel chain. Manager B also explained that private relationships with suppliers may complicate eventual feedback and rejection.

During Observation A (Appendix B), when the receipt of goods was observed, there was little or no communication between the parties. This therefore strengthened the existence of a weak tie between the hotel chain and the supplier. According to Granovetter (1973), weak ties between the hotel chain and its suppliers are preferable since the relationship between weak tie networks contributes to increased insights from outside the network, such as exchange of knowledge. According to Tseng & Chen (2014), organizations can get access to tacit knowledge through relationships, which in later stages could facilitate the hotel chain's product development. However, the hotel chain and its suppliers must have a common perception of joint benefit and knowledge exchange. Simultaneously, local suppliers often lack education which complicates the knowledge exchange, leading into the next influence; *education*.

#### 4.1.3.2 Education

The second influence found within the theme *people* was *education*, where both Manager F and Manager D expressed the education aspect as a critical influence in the hotel chain's supplier selection. Education could be considered a necessity when selecting a local supplier (Harms et al., 2013; Seuring & Müller, 2008). However, Anisul et al. (2014) expressed the difficulty for developing countries to achieve the level of requested education due to financial and technological limitations in society. The lack of financial resources is particularly obvious during Sri Lanka's economic crisis, as observed in Observation B (Appendix C) and the documentary analysis (Appendix D: 5; 14; 15). However, all the managers were united in the agreement of the importance for the hotel chain to contribute to the community's level of education.

By selecting local suppliers, the hotel chain contributes with job opportunities to the local community. Simultaneously, the local suppliers provide the hotel chain with their specific expertise, which often occurred within the hotel chains dining areas. Thus, the hotel chain will get access to increased capabilities when appreciating tacit knowledge (Tseng & Chen, 2014). Several of the managers expressed that even though the local suppliers bring expertise knowledge to the hotel chain, an education may be perceived as more valuable. Despite so, the local suppliers' often lack education. Nevertheless, the lack of societal education is beyond the hotel chain's responsibility. This is rather a social matter on a national level that should be referred to the government. Furthermore, to proceed a cooperation with a local supplier that lacks education could be a risk for the hotel chain. One possibility for improvement is that the hotel chain itself provides education and knowledge to their local suppliers. This contributes to risk reduction and minimization of financial losses for the hotel chain, simultaneously as they give something back to the community.

#### 4.1.3.3 Ethical considerations

The third influence found within the theme of people, was *ethical considerations*. This includes ethical requirements that the hotel chain places on their suppliers. Manager F stated the need to ensure that their suppliers work in accordance with ethical conditions and human rights. The hotel chain rejects all suppliers where child labor, non-payment salaries and unsafe work environments occurs.

Several managers argued that the country's established hotel chains need to take the lead in the journey to attain a sustainable tourism. By selecting local suppliers, the demand for locally produced goods stimulates the domestic market simultaneously as it gives job opportunities to the Sri Lankan inhabitants. The sustainable practices that focus on favoring the community generates a mutual benefit for both the hotel chain and the supplier, which is in accordance with the UN's SDG number 12A (United Nations, n.d). However, the local suppliers do not always fulfil the hotel chain's sustainability requirements despite the hotel chain's financial contribution to support their sustainability practices. Therefore, several of the managers expressed a need for supporting structures implemented by the local government, to attain sustainable tourism. SSCM incorporate challenging tasks such as political and socio-economic conditions (Trkman & McCormack, 2009; Harms et al., 2013) which is attributable to the hotel

chain's crossroad of what should be prioritized; the hotel chain's profit or the sustainable tourism.

## 4.2 Summary of findings

While studying the empirical material generated from the interviews, three themes and additionally nine influences related to every theme were identified. A table has been conducted to provide an overview of what influences a hotel chain's supplier selection (Table 6). The table describes the themes and influences that the hotel chain considers when selecting a supplier. The themes *Price*, *Product* and *People* has been derived from the conceptual model (Figure 2) as the main supplier selection influences and work in accordance with the UN's SDGs to attain sustainable tourism. Local supplier selection is a critical element within SSCM and a challenging task for hotel chains (Trkman & McCormack, 2009; Sarkis & Dhavale, 2015). This study has discovered nine identified supplier selection influences that have a connection to attaining sustainable tourism, which make them important for the hotel chain to consider.

**Table 6.**

*Summary of themes and influences*

<b>Themes</b>	<b>Influences</b>
Price	Price optimization Price variation Financial resources
Product	Quality Market demand Requirements
People	Relationship Education Ethical considerations

## 5. Conclusions and discussion

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In this section, conclusions and a discussion regarding the hotel chain's supplier selection influences and its contribution to sustainable tourism will be presented. Secondly, theoretical and practical contributions will be discussed. Lastly, suggestions for future research will be provided.

### 5.1 Conclusions

The research question “*What influences a Sri Lankan hotel chain's local supplier selection in the light of sustainable tourism?*” is answered by the nine identified supplier selection influences, which are *price optimization, price variations, financial resources, quality, market demand, regulations, relationship, education, and ethical considerations* (Table 6). Six of these; price optimization, price variations, financial resources, quality, market demand and relationship, have been identified in previous research under the 3P's; price, product, and people (Table 6). Earlier studies have predominantly focused on the product and its price as an important influence when selecting a supplier (Scott et al., 2018; Prior et al., 2021; Yazdani et al., 2020; Dickson, 1966; Pearce, 2007; Shu & Wu, 2009; Tang, 2006). However, the findings in this study implicated that there are other influences that are of importance when selecting a local supplier, whereas *education, ethical considerations* and *requirements* were also recognized as important influences in the Sri Lankan hotel chain's supplier selection.

Findings (Table 5) under the theme people, indicated that *education* is an important influence to establish a cooperation with a local supplier. This influence seemed to be reasonable since Kularatne et al. (2019) discussed that developing countries often struggle with lack of education among the inhabitants. Rejection of a local supplier that lacks education is a rational decision since the hotel chain's finished products depends on parts purchased from a supplier (Shu & Wu, 2009). However, the hotel chain offers work opportunities for local suppliers and inhabitants to increase the level of education in the society. This is in line with the United Nation's (UN) Sustainable Development Goal (SDG) 12A that aims for the tourism industry to create job opportunities in the local community.

A second influence found among the theme people was *ethical considerations* (Table 5). The hotel chain has a zero tolerance for suppliers that does not work with ethical working conditions



and human rights, such as child labor, unpaid salaries, and insecure work environments. Organizations need to implement ethical work conditions in line with human rights which is highlighted among UN's SDGs (United Nations, n.d). Furthermore, suppliers that do not work with ethical considerations would be rejected due to reputational damage and costly legal obligations for the hotel chain (Foerstl et al., 2010). However, the humanity aspect is what makes it most relevant for the hotel chain to adopt these practices.

Thirdly, *requirements* were found as another important influence among the theme product (Table 4). Hotel chains in developing countries tend to adopt environmentally harmful practices (Kularatne et al., 2019) due to lack of financial resources and education (Sheyvens & Laies, 2019). The empirical findings showed that the requirements are important to select a supplier that adopts sustainable practices. Additionally, requirements were found to be necessary in order to educate local suppliers about the importance of sustainable practices to attain sustainable tourism. This is related to UN's SDG number 12A: "*Develop and implement tools to monitor sustainable tourism*" (United Nations, n.d).

To clarify; there are previously identified influences within the research field of supplier selection, for example Dickson's (1966) Vendor Evaluation System (VES) criteria. However, the findings in this study implied that there are influences within the supplier selection that have connections to sustainability and sustainable tourism. For example, *education, requirements, and ethical considerations* (Table 6). Thus, for the local suppliers to meet these requirements, the support from the hotel chain is not sufficient since the underlying problems to these influences, such as low level of education, laws regarding ethical working conditions and requirements regarding sustainable practices are beyond their responsibility. Therefore, there must be supporting structures in terms of contribution and responsibility from the government in accordance with the founded influences *regulations, education, and ethical considerations*, as well as the UN's SDGs.

When taking economic, social, and environmental perspectives into account during the supplier selection process, this could be considered as a successful selection of a supplier. However, even though the sustainability perspectives have been taken into consideration, it might not always remain sustainable. The tourism industry has traditionally been the third largest foreign exchange earner in the country, which makes Sri Lanka dependent on its tourism. (International Trade Administration, 2021). It was found when analyzing documents that the tourist industry's importance is increasing due to the critical economic situation, where the income of foreign

exchange is crucial to repair the country's economy. In contrast, the documentary analysis revealed that not even the tourism industry could help the country's economic downward spiral (Appendix D; 5; 11; 12; 14; 15). The growth rate of tourism development should remain within the community's capacity to accommodate growth and at the same time preserve the country's natural assets. Additionally, what must be taken into consideration is that the hotel chain is a profit-driven organization, and that the tourists' demands set the standards of what should be offered and provided.

The study's result indicates that supplier selection influences seem to be a brick in attaining sustainable tourism. However, it should be emphasized that the hotel chain does not bear the whole responsibility and decision-makers in the community have equal responsibility. Moreover, the path towards sustainable tourism should be clearer, especially since this study has been emphasized that there should be a mutual will to attain it. In addition, hotel chains in Sri Lanka must carefully consider sustainable practices in accordance with the UN's SDGs. By doing so, the Sri Lankan hotel owner's grand children may be able to experience the beach like he once did, if climate mitigation has been considered.

## 5.2 Theoretical contribution

The nine influences identified in this study have originated from the study's conceptual model (Figure 2), where the three themes found in the empirical material; *price*, *people* and *product* has derived from the conceptual model's influences illustrated in the trident; price optimization, product and communication and trust. The three themes price, people and product were extended by nine influences found in the empirical data; *price optimization*, *price variations*, *financial resources*, *quality*, *market demand*, *requirements*, *relationship*, *education*, and *ethical considerations*, where the nine influences contribute to enhance sustainable tourism in accordance with the UN's SDG number 12A.

Therefore, this study's theoretical contribution to the field of supplier selection influences in the light of sustainable tourism is nine identified supplier selection influences (Table 6), whereas to the best of our knowledge, three of those influences; *education*, *ethical considerations* and *requirements* have not been discussed in previous research.

It is important to integrate sustainable practices in the supplier selection process (Sheyvens & Laeis, 2021; Zhan et al., 2021; SLTDA, n.d) as a part of sustainable development in the hotel industry (Sheyvens & Laeis, 2021). The three influences *education*, *ethical considerations* and *requirements* have in this study implied a connection to sustainable tourism in accordance with the UN's SDGs (United Nations, n.d), which can be further considered in future research regarding influences within the supplier selection.

Thus, among the nine influences, influences mentioned in previous research were found, namely; *price optimization*, (Dickson, 1966; Scott et al., 2018; Prior et al., 2021; Yazdani et al., 2020), *price variations*, (Tang, 2006; Yazdani et al., 2020) *financial resources*, (Yazdani et al., 2020) *quality*, (Shu & Wu, 2009; Pearce, 2007) *market demand*, (Pearce, 2007) *and relationship* (Prior et al., 2021; Yazdani et al., 2020; Teixeira et al., 2019). Although six of the nine influences have been discovered as supplier selection influences in previous research, they have not been put in this context-based case as a part of sustainable tourism. The hotel chain is located in a developing country affected by an economic crisis (Appendix C; D2, 5, 10, 11, 12, 13, 14, 15), which is a unique context which could be used in future research for countries in similar situations.

### 5.3 Practical contribution

Climate change is argued to be one of greatest challenges humanity has ever faced. The tourism industry has caused negative sustainable impacts on the globe (World Travel & Tourism Council, 2021) which is why the practical contribution should be considered by other hotel chains as well. However, what should not be forgotten is that the hotel chain does not operate in a vacuum and support from supportive structures is needed. All nine identified supplier selection influences has a relevance to attain sustainable tourism, nevertheless the three influences; *education*, *ethical considerations* and *requirements* more narrowly describes a path to attain sustainable tourism. Nevertheless, it should be emphasized that Sri Lanka is a developing country with limited financial resource, not least due to the economic crisis. Since the tourism industry is one of the biggest foreign exchange earners for the country (International Trade Administration, 2021), it is necessary to incorporate opportunities concerning sustainability development in this industry.

Furthermore, since the study is a context dependent case, it could limit further practical contribution. Thus, the transparency in the study will enable decision-makers and other hotel chain to adopt the results found in this study. This study will contribute to a clearer and deeper understanding of how local supplier selection processes can lead to attaining sustainable tourism.

#### **5.4 Discussion and suggestions for future research**

This study was based on a context dependent case investigating how influences within the supplier selection can attain sustainable tourism. Findings has showed that established Sri Lankan hotel chains, as well as the country's government have a joint responsibility to attain sustainable tourism. Since supplier selection is a complex subject (Banaeian et al., 2018; Roehrich et al., 2017; Alikhani et al., 2019; Yoon et al., 2018; Yasdani et al., 2020), we believe there is further interest in delving into the research field.

Firstly, due to the limitations caused by the scope of work there is an interest in further research by conducting a more extensive study that examines the scope of supplier selection in the light of supplier selection. One important factor to be highlighted in this study is that the hotel chain does not appear in a vacuum. It would be of relevance to further investigate the supportive structures, such as the government, linked to the tourism industry in Sri Lanka.

Secondly, this study has been permeated through the view of a hotel chain where customer demand appeared as one important influence when selecting a supplier. However, in current situation, customer demands are often prioritized regardless of whether these demands are in line with the hotel chain's sustainability practices or not. Hotel chains need to question their customers practiced behaviour and further explore what is underpinning of such demands. Therefore, to further understand the customers' important roles in the supplier selection process to attain sustainable tourism, it would be interesting to examine this from an individual customer perspective.

Finally, we believe that it is important to take the research in the subject further to be able to attain sustainable tourism in accordance with United Nation's Sustainable Development Goals (United Nations, n.d), where goal number 12A describes the ultimate goal. However, there must be a distinct path, where this study explains how supplier selection is one brick to attain

sustainable tourism. In the long run, supplier selection in light of sustainable tourism will contribute to an outcome that will benefit hotel chains, suppliers, common man and not least, the local Sri Lankan hotel owner's grandchildren.

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## Appendix A - Interview guide

### Formalities

- Date: 2022-xx-xx
- Introduce ourselves and the theme and purpose of our thesis.
- Explain that there are no right or wrong answers, it is the respondent's own experiences and thoughts that are important.
- Ask about permission to record and let the respondent sign the interview consent form if they agree to the conditions.

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### General information

- Could you please introduce your role in the organization.
  - What is your position in the organization?
  - Do you have other experiences that have gained you in your current position as X?

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### Questions about local suppliers

**1. Local supplier definition:** A supplier existing in, from, serving in, or responsible for a small area, especially a country, in this case Sri Lanka (Cambridge Dictionary, 2022).

1. Could you please tell us about your supplier selection process?

1. Are you today (the hotel chain) working with local suppliers?

a. If you **are**, within what area? (*Food, beverages, hygiene products etc*)

a. For how long have you had these local suppliers?

a. Can you see any (other) potential area to cooperate with a local supplier?

- If you are **not working** with local suppliers

- Why not, specific reasons?

- What countries do you have your suppliers in?

- Within which/what area(s)?
1. What are the main benefits with working with a local supplier?
    - Do you see any restrictions with working with a local supplier?
  1. Could you tell us some of the potential risks with working with a local supplier?
    - a. Do you believe it exist certain risks that distinguish with local suppliers, and is an obstacle for cooperate with local suppliers?
    - a. If not, why do you think that there are none?
  1. What factors are you mainly looking at when selecting a supplier?
    - Do the factors products, pricing or people affect the selection?
    - Are there any different factors when choosing a local supplier and if so, what?
  1. Since you have a good understanding of the hotel industry in Sri Lanka, would you say that it is common or uncommon for hotels to cooperate with local suppliers?
    - Why do you think it is that way?
- 

## **Questions about sustainable development**

1. What is sustainable tourism to you?
  - What are your thoughts about it?
1. What outcomes could sustainable tourism have for you?
  - a. Negative or positive outcomes?
1. Do you have any reflections about the hotel business's responsible when it comes to sustainable tourism?
  - Would you say that the hotel businesses in Sri Lanka have a bigger responsibility compared to other branches when it comes to a more sustainable tourism?

- Why/why not?

1. Do you have any reflections about the hotel business's responsible when it comes to sustainable tourism?

- Would you say that the hotel businesses in Sri Lanka have a bigger responsibility compared to other branches when it comes to a more sustainable tourism?
- Why/why not?

1. Have the hotel chain an expressed environmental policy/vision or strategy which the hotel can communicate its environmental goals?

- Has the policy been communicated to the employees/to you? In what way?
- *If no, is there any specific reason to this?*
- *If no, do you think stated policies could help the hotel chain to achieve a more sustainable approach?*

1. Does the organisation have any requirements for your suppliers regarding sustainability?

- For example, emissions due to export?
- Do you have certain controls that your suppliers follow your agreement?

1. Have the choices you have made regarding sustainable tourism led to any change in costs for the firm?

- a. Increasing or decreasing?
- a. What kind of costs?
- a. Do you think the eventually increasing costs are a factor to why some hotels do not adopt sustainability strategies?

1. As a resident of Sri Lanka, could you see any specific impacts with an increasing tourism in Sri Lanka regarding environmental, economic and social impacts?

- a. Positive or negative aspects?

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## Questions about relations and networks

1. What are your thoughts regarding the relationship with the supplier in a cooperation
  - Would you consider the relationship important **before** entering a cooperation?
  - What type of relationship?
  
1. Could you explain the (potential) relationships building process when entering a cooperation with a supplier?
  - Would the process be any different if it is a local supplier?
  
1. When entering a new cooperation with a supplier, would you rather consider a well-established firm outside of Sri Lanka than a local firm?
  - Why?

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As a final question: For us to understand the subject even deeper, what should we ask you that have not been asked in this interview?

## Appendix B – Fieldnotes Observation A

The observation took place March 24<sup>th</sup>, 2022, at the time 12.10 - 12.40. The observation was unplanned since we unexpectedly were offered to conduct an observation during another interview. Due to its unexpected offer, no observation scheme was prepared. The offering about an observation came from Manager B, with the purpose to investigate the receipt of goods from one of the hotel chain's suppliers.

After getting the offering regarding the observation of a goods receipt, we had to hurry down to the loading dock since the truck with goods had already arrived. When walking on the backside of the hotel towards the dock, it was remarkable that Manager B was very involved in the process since he was happy to show us their routine. On the way to the loading dock, a lot of trays with glass bottles and black garbage bags were noticed. We reflected on that since the hotel chain has a precise sustainability policy, the trays and garbage are probably about to be sent to a recycling center. When arriving at the loading dock, approximately seven to eight people were working with the recent delivery. This included two chefs, one security guard, one person responsible for weighting the goods and the rest three to four persons were working with various unknown tasks in the truck. We asked Manager B if it is necessary to always have a security guard present, whereby he answered that it is. As soon as the truck unloaded the goods, which at this time were meat and french fries, the chefs controlled the temperature logs in the truck. We remember that Manager A in an interview before the observation informed us about a data system installed in the trucks that logs the temperature to ensure hygiene and food quality. Due to the high temperature this day, 35 degrees Celsius, we state that this data system is crucial from hygiene aspects.



## Appendix C – Fieldnotes Observation B

The observation was conducted for one month, from 30th of March until 27th of April. The observation was sampled through participant observers.

When we arrived to Sri Lanka, we did not discover any issue with the economic crisis. However, as the time went, we discovered our transport got more expensive and especially the water bottles fluctuated very much in price. However, it was not until the power cuts got worse and it affected our work as we understood something was really bad. Our first thought with the power cuts was to relocate, however as the power cuts was increased to up to 13 hours, relocate would not have been an option.

Later, we experienced an increased worry in the country. Many local people expressed their anger and dissatisfaction with protest. The protest expanded and people got injured due to an uncontrollable situation. We saw two small protests group walking outside our hotel. It was at this point we felt a worry to become affected by the economic crisis as well.

As a result of more intense protests, the government imposed curfew which affected us. We, among others, went to the grocery store to buy food as the whole economic crisis was unpredictable. Despite the curfew, it was still open in restaurants to buy food. Later that day, we asked our hotel staff their opinion about the economic crisis. Thus, they expressed no worries about the curfew and encouraged us to live as normal tourists.

The day after the curfew was finished, social media sites such as Twitter, Facebook, YouTube and Whatsapp were banned. This was another attempt for the government to handle the increased number of protests. By this time, protester have come nearer the Government house. Many protesters would like to see the Government resign. However, it did not appear any clear solution or reflection of what will happening to the country if the government did resign. However, there was a solution to the problem of banned social medias. We downloaded a VPN app to be able to read news and comments about the crisis on Facebook.

At the same day as the social medias were banned, the entire cabinet of ministers resigned. This was also a worrying situation as it felt that the country was nothing but under control. When all

the ministers resigned, there was a feeling that no one agreed to the president way of direct the country. A few days later, Sri Lankas embassy in Oslo, Sri Lankas Embassy in Baghdad and the Sri Lanka Consulate General in Sydney temporarily closed due to the economic crisis.

Due to the several events, employees at the hotel chain we collaborated with, expresses a worry. One employee mention he will fly to a neighbor country to serve his family and country economic. Moreover, another employee expresses that the economic crisis will develop further and that both ATM's and hotels will close due to lack of fuel, food and money. Once again, we asked our hotel staff at our stay, their opinion about the situation. At this point, they expressed a worry and recommended us to travel home to Sweden. However, the Swedish embassy has not yet expressed an advised against traveling to Sri Lanka.

A few days later, Sri Lankan Central Bank has received a new leader. The new leader has experience in former economic crisis, such as the crisis in India at the 1980's. This information feels calming and we believe this information might calm the local inhabitant. Thus, the protest continues, and the protestors would be happy to see the president resign.

## Appendix D – Documentary Analysis

Number	Summary of context	Source	Retrieved Date
1	<i>The daily power cuts are affecting the supply of water and several areas are experiencing over 24 hours water interruptions. This is due to the lack of diesel to be able to run their generators to pump water.</i>	Daily Mirror. 2022-03-30. <i>Power crisis hits water sector as supply disrupted in several areas.</i> <a href="https://www.dailymirror.lk/business-news/Power-crisis-hits-water-sector-as-supply-disrupted-in-several-areas/273-234088">https://www.dailymirror.lk/business-news/Power-crisis-hits-water-sector-as-supply-disrupted-in-several-areas/273-234088</a>	2022-04-02
2	<i>Inflation in the Colombo district was 18,7 percent in twelve months to march 2022.</i>	Daily Mirror. 2022-04-01. <i>Colombo inflation jumps to 18.7% in March reflecting impact of rupee float.</i> <a href="https://www.dailymirror.lk/business-news/Colombo-inflation-jumps-to-18-7-in-March-reflecting-impact-of-rupee-float/273-234229">https://www.dailymirror.lk/business-news/Colombo-inflation-jumps-to-18-7-in-March-reflecting-impact-of-rupee-float/273-234229</a>	2022-04-02
3	<i>Six people injured and send to Colombo National Hospital due to protests in Mirihana, Sri Lanka</i>	Daily Mirror. 2022-04-01. <i>Ten injured in Mirihana protest including several journalists.</i> <a href="https://www.dailymirror.lk/latest_news/Ten-injured-in-Mirihana-protest-including-several-journalists/342-234221">https://www.dailymirror.lk/latest_news/Ten-injured-in-Mirihana-protest-including-several-journalists/342-234221</a>	2022-04-02
4	<i>Curfew imposed in Western Province, Sri Lanka 1<sup>st</sup> of April, 6pm until 3d of April 4pm</i>	Daily Mirror. 2022-04-01. <i>Curfew imposed in Western Province until 6am tomorrow.</i> <a href="https://www.newswire.lk/2022/04/01/curfew-imposed-in-western-province-until-6-am-tomorrow/">https://www.newswire.lk/2022/04/01/curfew-imposed-in-western-province-until-6-am-tomorrow/</a>	2022-04-02

5	<i>The International Monetary fund confirmed Sri Lanka has expressed interest in financial support.</i>	Daily Mirror. 2022-04-02. <i>SL expresses interest to work with IMF: spokesperson.</i> <a href="https://www.dailymirror.lk/business-news/SL-expresses-interest-to-work-with-IMF-spokesperson/273-234310">https://www.dailymirror.lk/business-news/SL-expresses-interest-to-work-with-IMF-spokesperson/273-234310</a>	2022-04-02
6	<i>Protest near President of Sri Lankas' house. More than 50 arrested.</i>	Daily Mirror. 2022-04-04. <i>Protest near President's Mirihana residence More than 50 arrested.</i> <a href="https://www.dailymirror.lk/front_page/Protest-near-Presidents-Mirihana-residence-More-than-50-arrested/238-234334">https://www.dailymirror.lk/front_page/Protest-near-Presidents-Mirihana-residence-More-than-50-arrested/238-234334</a>	2022-04-05
7	<i>Social media sites such as Twitter, Facebook, Youtube and Whatsapp have been banned due to an increased amount of protests in the country.</i>	Daily Mirror. 2022-04-03 <i>Twitter, FB and YouTube disrupted in Sri Lanka.</i> <a href="https://www.dailymirror.lk/latest_news/Twitter--FB-and-YouTube-disrupted-in-Sri-Lanka/342-234368">https://www.dailymirror.lk/latest_news/Twitter--FB-and-YouTube-disrupted-in-Sri-Lanka/342-234368</a>	2022-04-05
8	<i>The entire cabinet of ministers resigned. President Gotoja Rajapaksa and Prime Minister agreed to an interim government to bring political stability.</i>	Daily Mirror. 2022-04-03. <i>Cabinet resigns, interim govt. soon.</i> <a href="https://www.dailymirror.lk/latest_news/Cabinet-resigns--interim-govt--soon/342-234400">https://www.dailymirror.lk/latest_news/Cabinet-resigns--interim-govt--soon/342-234400</a>	2022-04-05
9	<i>Sri Lankan Embassy in Oslo, Sri Lankas Embassy in Baghdad and the Sri Lanka Consulate General in Sydney are temporarily closed due to the economic crisis.</i>	Daily Mirror. 2022-04-05. <i>Several Sri Lankan embassies temporarily closed.</i> <a href="https://www.dailymirror.lk/breaking_news/Several-Sri-Lankan-embassies-temporarily-closed/108-234574">https://www.dailymirror.lk/breaking_news/Several-Sri-Lankan-embassies-temporarily-closed/108-234574</a>	2022-04-05

10	<i>The United States has cautioned its citizens from travelling to Sri Lanka due to the ongoing economic crisis.</i>	Daily Mirror. 2022-04-07. <i>US asks citizens to “reconsider” travel to SL in new advisory amid crisis.</i> <a href="https://www.dailymirror.lk/breaking_news/US-asks-citizens-to-reconsider-travel-to-SL-in-new-advisory-amid-crisis/108-234729">https://www.dailymirror.lk/breaking_news/US-asks-citizens-to-reconsider-travel-to-SL-in-new-advisory-amid-crisis/108-234729</a>	2022-04-07
11	<i>Sri Lankan central bank governor submit resignation.</i>	BBC. 2022-04-10 <a href="https://www.bbc.com/news/business-60978614">https://www.bbc.com/news/business-60978614</a>	2022-04-10
12	<i>There is lack of pharmaceutical drugs which has increased the price by 20%.</i>	Daily Mirror. 2022-04-09. <i>Prices of pharmaceutical drugs increased by 20%.</i> <a href="https://www.dailymirror.lk/breaking_news/Prices-of-pharmaceutical-drugs-increased-by-20/108-234876">https://www.dailymirror.lk/breaking_news/Prices-of-pharmaceutical-drugs-increased-by-20/108-234876</a>	2022-04-10
13	<i>Due to the local currency depreciation has it caused a massive drug, medical equipment shortage.</i>	Daily Mirror. 2022-04-13. <i>Sri Lanka drug prices up after money printing hits rupee; concern over cost.</i> <a href="https://economynext.com/sri-lanka-drug-prices-up-after-money-printing-hits-rupee-concern-over-cost-91573/">https://economynext.com/sri-lanka-drug-prices-up-after-money-printing-hits-rupee-concern-over-cost-91573/</a>	2022-04-13
14	<i>IMF agrees to consider Sri Lankas request for a Rapid Financing Instrument.</i>	Daily Mirror. 2022-04-20. <i>IMF agrees to consider Sri Lankas request for rapid aid.</i> <a href="https://www.dailymirror.lk/business-news/IMF-agrees-to-consider-SLs-request-for-rapid-aid/273-235303">https://www.dailymirror.lk/business-news/IMF-agrees-to-consider-SLs-request-for-rapid-aid/273-235303</a>	2022-04-26

15	<i>IMF raises an concern over Sri Lankas economic crisis and says the country needs to tighten their monetary policy, raise tax and adopt flexible exchange rates.</i>	Reuters. 2022-04-26. <i>IMF urges Sri Lanka to tighten monetary policy, raise tax to address debt woes.</i> <a href="https://www.reuters.com/world/asia-pacific/imf-urges-sri-lanka-tighten-monetary-policy-raise-tax-address-debt-woes-2022-04-26/">https://www.reuters.com/world/asia-pacific/imf-urges-sri-lanka-tighten-monetary-policy-raise-tax-address-debt-woes-2022-04-26/</a>	2022-04-26
16	<i>Tourist arrivals has declined significantly compared to march month.</i>	Daily Mirror. 2022-04-29. <i>Tourist arrivals record significant dip in April.</i> <a href="https://www.dailymirror.lk/business-news/Tourist-arrivals-record-significant-dip-in-April/273-235946">https://www.dailymirror.lk/business-news/Tourist-arrivals-record-significant-dip-in-April/273-235946</a>	2022-04-29
17	<i>Powercuts has been a part of the everyday, however, during ramadan there will not be any power cuts.</i>	Daily Mirror. 2022-04-29. <i>No powercut on May 1 and 2: PUCSL.</i> <a href="https://www.dailymirror.lk/front_page/No-power-cut-on-May-1-and-2-PUCSL/238-235995">https://www.dailymirror.lk/front_page/No-power-cut-on-May-1-and-2-PUCSL/238-235995</a>	2022-04-29

