## The Impact of Governance Criteria in the Supplier Selection Process of Large German Companies

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**Abstract :** Supplier selection is one of the key challenges in supply chain management and can be considered a multi-criteria decision-making (MCDM) problem. In the 1960s, it evolved from considering only economic criteria, such as price, quality, and performance, to including environmental and social criteria nowadays. Although receiving considerable attention from scholars and practitioners over the past decades, existing research has not considered governance criteria so far. This is, however, surprising, as ESG (environmental, social, and governance) criteria have gained considerable attention. In order to complement ESG criteria in the supplier selection process, this study investigates German DAX and MDAX companies and evaluates the impact of governance criteria along their supplier selection process. Moreover, it proposes a set of criteria for the respective process steps. Specifically, eleven criteria for the first process step and five criteria for the second process step are identified. This paper contributes to a better understanding of the supplier selection process by elucidating the relevance of governance criteria in the supplier selection process and providing a set of empirically developed governance criteria. These results can be applied by practitioners to complement the criteria set in the supplier selection process and thus balance economic, environmental, social, and governance targets.

Keywords : ESG, governance, sustainable supplier selection, sustainability

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1

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