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## **Collaborative Supply Chain Under a Christian Business Ethics Lens**

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**Introduction:** Supply chain operations for companies are increasingly becoming sources of strategic advantage and departments dealing with supply chain management (SCM) activities, such as procurement, are increasingly important to the business due to the sheer amount of money they handle and spend (Jermsittiparsert & Srihirun, 2019). Among the decisions that procurement departments have to make is how much they will invest in a relationship between themselves and a supplier, and depending on how successfully it is done, it can lead to strategic advantages such as innovative ideas coming from suppliers (Wagner & Bode, 2014), efficiency of operations, supplier expertise, and collaborative planning, replenishment, and forecasting (Drake & Schlachter, 2008). This is where the concept of collaborative supply chain arises, however, companies can forgo these benefits by running their supply chain in a dictatorial fashion where the supply chain relationship is positioned in such a way as to only benefit the buyer at the supplier's expense. Religion may be an unexpected voice to lend to the solution of such a problem, but this paper aims to show that the same elements that make a collaborative supply chain possible are concepts that have existed in Christian Business Ethics (CBE). It can be said that running one's supply chain utilizing Christian Business Ethics will lead to collaborative supply chains and competitive advantages.

**Christian Business Ethics:** Before exploring what makes a collaborative supply chain possible, it is necessary to have an overview and definition of Christian Business Ethics. This can be a difficult task as Christianity has had a changing relationship towards business. Early Christians were quite hostile towards business due to their focus on personal salvation and the imminent return of Christ (Bay et al., 2010) which was in stark contrast compared to the Jews who view it favorably (Green R.M, 1997) despite the fact that both Jews and Christians share a substantial portion of scriptures with each other (the Old

Testament). Under the influence of John Calvin and the Puritans did Christians begin to embrace wealth (Bay et al., 2010), which meant an acceptance for business. Regardless of Christianity's history with business, it is necessary to consider a Christian Business Ethic that is sourced not from history but from scriptural teaching (that not removed from the context of salvation (Rossouw, 1994)) because a distinction needs to be made between that which is taught and that which is actually done. Thus, a Christian Business Ethic is a set of moral principles informed by a reasonable and contextually appropriate reading of the Old Testament and New Testament scriptures located in the Bible that exhibits a general consistency across scripture.

Principles that CBE is a proponent of includes honesty, integrity, and proper treatment of individuals (Quddus et al., 2009). Honesty should be the foundation of all business dealings and cultivating a culture of integrity in the business is vital. Corporate Social Responsibility is also amongst these considerations as service to others and the greater good should be a priority in business and considering impacts on stakeholders (and the environment as emphasized by Orthodox Christians (Gallego-Alvarez et al., 2020)) is in alignment with Christian principles that seeks to treat individuals as the ends, not the means.

**Collaborative Supply Chains:** What makes a collaborative supply chain possible are three dimensions of justice - procedural, distributive and interactional (Narasimhan et al., 2013), which are related to fair decision making, fair reward, and fair communication. However, what undergirds this framework is foundationally trust. Without trust, sustainable collaboration is impossible. When firms believe that decisions in the relationship are done in a way that is fair, that the rewards of the relationship are fairly distributed, and that communication in the relationship is effective for both parties, they are likely to build trust and thus sustainable collaborative supply chain relationships which leads to sustainable competitive advantages. This is opposed to dictatorial supply chains which is characterized by a dominant firm that controls the decision making, rewards, and communication, and seeks to “maximize [their] own interests, often at the expense of the other members of the [supply chain] (Drake & Schlachter (2008).” One

example of this that Drake & Schlachter (2008) provide is when Walmart required its suppliers to attach RFID tags onto their products that were going into Walmart's warehouses. This was solely to Walmart's operational advantage at the expense of the suppliers who received no benefit from fulfilling Walmart's request. Dictatorial supply chains can lead to problems with quality and wreak havoc on both parties. Another example Drake & Schlachter (2008) provide is when Tesco was demanding from its suppliers price cuts which resulted in lower quality ingredients in the foods that suppliers sold to Tesco. Rossetti & Choi (2005) examine a case in the aerospace industry where original equipment manufacturers (OEMs) were required by their buyers to deliver unreasonable year-over-year price reductions, accept forced payment terms of 90 to 120 days, and bear safety stock inventory costs. This burdened the OEMs and resulted in the OEMs selling their parts, that they were selling to the buyer, in the aftermarket and by doing so became the competitors of their buyers. This cannibalized the market that the OEMs' buyers were operating in. In such relationships, collaboration is unsustainable as dictatorial relationships, because they are rife with self seeking, are also rife with mistrust and the relationship becomes inherently anti-collaborative. Rossetti & Choi (2005) summarize this case very well when they say "[m]isapplying the tenants of strategic sourcing can result in the disintegration of the existing supply chain and weaken the buying firm's long term competitiveness."

In such dictatorial relationships, suppliers are incentivized only to bear with their partner firm for as long as is necessary until a better opportunity arises where these exploited suppliers will switch over to these other customers (Hingley, 2005). With this mindset, there is no strategic commitment on the supplier's end and firms that fail to utilize their supply chain for strategic advantages and fail to treat the suppliers in a way that would be conducive for developing a sustainable long-term strategically oriented posture do so to their own detriment. One way that more dominant firms in a supply chain can make sure that they are not exploiting their suppliers would be to, as part of fair reward, make sure that their suppliers are being paid a just price. Schleper et al. (2017) explains exploitative transactions in this way: "A buying firm's transaction is deemed unethically exploitative if the firm gains undeserved benefits at the suppliers

expense through unjust prices that would not come about in a hypothetically competitive market.” If firms are careful to exercise fair decision making, fair reward, and fair communication in their relationships with suppliers, it will lead to trust. This trust then positions the firm for further collaboration which leads to further trust so long as the elements of justice (procedural, distributive, and interactional) are being observed.

One warning to take away from collaborative supply chains is to not get so entangled and attached the relationship that the firm no longer makes decisions that are not in the firm’s interest for fear of upsetting the relationship (Villena et al., 2011). This is why decision making processes, even ones that go into contingencies for where things are not working favorably for both parties, should be established and agreed upon.

**CBE Support for Justice Dimensions:** Scripturally speaking, Christianity supports the framework of the justice dimensions (procedural, distributive, and interactional, which is related to fair decision making, fair reward, and fair communication) that Narasimhan et al. (2013) advocates for as being what builds collaborative supply chains.

Regarding fair decision making, honesty and integrity are prerequisites in order to allow that to function. As already discussed, CBE supports this. Scripturally speaking, Leviticus 19:15 (all scriptural citations are King James Bible Online, 2022) commands that all people ought to be judged equally regardless of status. Translating this principle into the supplier-buyer relationship, this means that regardless of one's dominance in the relationship, all are equal before the law, and decisions should not be made solely on the basis of power and influence. Justice should not be perverted to favor the powerful and influential and decisions should be made fairly for the weak and powerful, for people and businesses alike.

Regarding fair reward, scripture points to principles expounded in 1 Timothy 5:8 and Deuteronomy 24:14-15 to teach that people ought to be compensated for labor, and if compensated, properly so. Being generous at heart, instead of stingy, is what employers could consider when determining employee compensation according to 1 Timothy. When it comes to Deuteronomy 24, we see a command that requires timely payment for those who are in need of those wages as soon as possible. These principles from these texts would inform the case with the OEMs where if the OEMs right to make a profit was respected in addition to their need for timely payment, the aftermarket selling would have been far less likely to happen.

Regarding fair communication, scripture, specifically wisdom literature such as the book of Proverbs, encourages communication that avoids dividing (Proverbs 6:19) and reconciliation in the case of a division (Proverbs 25:8-10 & Matthew 5:25). In general, wholesome speech that aims to communicate in a faithful and proper way are advocated for and taught (Proverbs 10:19; 11:12; 12:2; 12:16; 13:3; 15:1; 15:4; 15:28; 16:23-24; 17:27; 18:2; 18:13; 18:20-21; 20:3; 21:23; 25:11; 29:11; 29:20). In a business context, making sure that communication protocols are agreed upon decreases the risk of a dispute. The encouragement to communicate respectfully during a dispute and seek reconciliation also helps firms to resolve differences while not undermining the foundational trust that was established between them. So in the event of a dispute, both parties tackle the problem to resolve it and continue their collaboration rather than falling into a pit of bitterness that leads to distrust and a lack of collaboration.

**CBE & SCM Synergy:** In the face of an increasingly secular western society, the introduction of religion to such a topic may seem like an erroneous exercise in bias, or a hopeful justification of religion.

However, it has been found that religious environments, specifically Christian, Judaic, Muslim, and Hindu, have more ethical considerations regarding ethical initiatives than secular environments because religious environments that presuppose universalism, as opposed to relativism, have an environment that better prepares the motivation for ethical conduct (Gallego-Alvarez et al., 2020). Gallego-Alvarez et al.,

(2020) also adds that religious people are “more prone to developing stronger ethical rules and judgments in the business context compared to those with weaker beliefs”. Just for emphasis, this is not to say that religious people are somehow better than non-religious people. It is simply to say that religious environments better prepare the motivation for ethical conduct. Gallego-Alvarez et al. (2020) explains this in-depth saying “religious people usually adopt an ethical approach based on universalism, whereas nonbelievers adopt a relativist approach. Universalism advocates the existence of absolute and immutable moral values and principles with a universal application, such as loyalty, mutual respect, and intense work, which are deemed completely valid everywhere and at all times. In contrast, in relativism, the ethical approach is based more on social conventions: a behavior is accepted or penalized depending on group-set rules and commonly accepted practices.” This consideration can be important to a corporation that wants to consider both their own code of ethics, the type of people that comprise the organization, but also how they go about enforcing their ethics principles. According to Schleper et al., (2017), the mere existence of ethical codes are unlikely to encourage ethical behavior if ethical behavior is not governed through monitoring, compliance, and reward mechanisms. It can be said that this is regardless of the religious environment; however the more strongly religious a person is, the more likely they will look beyond corporate regulatory requirements and into their social and ethical commitments (Gallego-Alvarez et al., 2020).

All of this is to say that a corporation’s ethical principles do not need to be secularized as religion can offer helpful perspectives or practical advice when it comes to stakeholders' treatment. Drawing back on the case presented by Rossetti & Choi (2005), if CBE principles were applied, the OEMs would have been included in how decisions in the relationship would be made which would have resulted in a perception of fairness and could have driven trust. In addition, the OEMs would have been included in discussing their compensation. Though impossible to say what could have occurred, it is likely the OEMs would have received a combination of favorable payment terms and the inventory costs could have been shared. Fundamentally, the relationship would have been more collaboratively oriented and would have

properly positioned the OEMs and their buyers for strategic collaboration and profitability rather than the market cannibalization that was seen. Religiously informed perspectives on stakeholder treatment can benefit the corporation and this means that managers could create the opportunity for employees to provide religiously based additions or revisions to a corporation's ethical principles.

**Conclusion:** Religion can offer helpful perspectives when it comes to business practice and ethics. In the case of Christian Business Ethics, the principles of fair decision making, fair reward, and fair communication are promoted and establish trust. This, in turn, makes sustainable supply chain collaboration possible and it leads to competitive advantages (that positively impact the bottom line) such as innovation in product development, operational efficiency, supplier expertise, and collaborative planning. The end result is a buyer-supplier relationship that is functioning in a manner that benefits both of them as well as their stakeholders.



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