Ethical issues in international buyer–supplier relationships: a dyadic examination

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Abstract

The author combines extant literature with findings from focus group interviews and a set of surveys to identify the ethical issues involved in relationships of US purchasing managers and their non-US suppliers. Survey data from matched sets (dyads) of buyers and suppliers is then used to examine the influence of unethical behavior on the satisfaction with the relationship and on supplier performance. © 2000 Elsevier Science B.V. All rights reserved.

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1. Introduction

From Watergate through Irangate to Whitewater in government, and from Lopez at Volkswagen to ADM in private industry, the presence of unethical behavior appears to be a perennial topic of media coverage. Ethical behavior can have a positive effect on a firm’s image and reputation. For example, Ben and Jerry’s prominent contributions to social causes have helped the start-up company’s annual sales grow to over US$174 million in 1997.

On the other hand, there are costs associated with unethical activity, including fines, liability and negative publicity. Consider the following quotes, which recently appeared on the front page of the Wall Street Journal (August 6, 1997, p. A1) from a single day.

Igene filed suit against ADM, alleging the big grain processor stole secrets regarding the biotech firm’s process for producing a pigment to turn farm-raised salmon pink.

Columbia/HCA faces a separate investigation by Florida officials to determine whether the firm committed Medicaid fraud, state officials said.

Picking through a fat legal bill, auditors for the Citadel found something that really bugged their client, the Citadel’s nemesis, the American Civil Liberties Union, had included the US$524 cost of a going-away party for an ACLU staffer who had worked on the high-profile case against the military academy.

Purchasing managers in particular can significantly affect a firm’s reputation. These individuals
sit at the firm’s boundary and interact frequently with suppliers and other upstream channel members. Their behavior can and does influence how the firm is viewed by suppliers and other outside organizations (Dobler and Burt, 1996). The purchasing function controls over 60% of a firm’s costs in some industries; considerable temptation can exist when such large amounts of money are involved (Leenders and Fearon, 1993). Like marketing and sales, purchasing is a boundary spanning function (Webster, 1992; Williams et al., 1994) that, because it does interact with other members of the supply chain and is thus exposed to a firm’s external environment, may be under considerable pressure to depart from accepted norms of behavior and ethics set by the firm (Osborn and Hunt, 1974; Ferrell and Gresham, 1985). Further, unethical practices by purchasing managers might influence production performance and ultimately a firm’s overall competitiveness if, for example, buyers purchase substandard inputs from suppliers in exchange for kickbacks (Turner et al., 1994).

Temptation to deviate from acceptable norms may be even greater for purchasing managers who deal with foreign suppliers, where a supplier’s perception of which actions constitute unethical behavior might differ due to variances in business practices, managerial attitudes, and cultural mores (Hofstede, 1980; Donaldson, 1996; Husted et al., 1996). While ethical issues facing purchasing managers have been frequently examined in the past within a domestic context (see for example Dubinsky and Gwin, 1981; Felch, 1985; Turner et al., 1994), there is relatively little research on ethical issues surrounding the relationships of US buyers and their foreign suppliers (Wood, 1995). It is suggested that unethical behavior by salespeople results in dissatisfied customers, ultimately leading to decreased sales and lower profits for suppliers (Levy and Dubinsky, 1983). Similarly, if suppliers perceive buyers to be acting in an unethical manner, such conduct might negatively affect supplier performance.

This paper presents the results from a larger study examining the ethical issues surrounding global buyer–supplier relationships which was sponsored by the Center for Advanced Purchasing Studies, the research arm of the National Association of Purchasing Management (NAPM). Specifically, the objectives of this paper are to: (1) develop a scale that measures unethical behavior between US purchasing managers and their non-US suppliers, and (2) examine how differences in perceptions of unethical behavior between US buyers and their non-US suppliers can influence the buyer–supplier relationship.

Here, non-US suppliers are defined as suppliers who are located outside of the US or Canada. For the purpose of this study, unethical behavior is defined as: the specific set of actions taken within the buyer–supplier relationship that are considered unethical by purchasing managers.

By presenting this definition, the author admittedly takes an ethnocentric viewpoint by allowing US purchasing managers to define which actions are ethical and which are not. The survey findings will show, however, that the actions that were identified as unethical by US buyers are viewed in a similar fashion by their international suppliers.

The remainder of the paper is organized as follows. Section 2 provides a broad overview of the relevant literature and introduces a series of hypotheses that are based on an integration of literature from business ethics, marketing channels and exchange theory. Section 3 describes the design of the study, while the results from the focus group interviews and responses to the surveys are reported in Sections 4 and 5. A description of the development of the scales used to assess unethical buyer and supplier behavior is provided in Section 6, and the results from the hypothesis testing are presented in Section 7. The study’s implications and conclusions are discussed in Section 8. The paper ends with a summary of its contributions and limitations, and suggestions for future research in Section 9.

2. Prior research and hypotheses

This section first provides a brief overview of the literature dealing with ethical issues in business-to-business transactions, including an examination of the ethical issues in purchasing and sales management that occur within both a domestic and international context. Afterwards, literature from the areas of business ethics, exchange theory and marketing channels is integrated to develop a series of hypothe-
ses examining the effect of unethical behavior on satisfaction and performance within the buyer–supplier relationship.

It is important to note that the topic of business ethics falls within the larger realm of corporate social responsibility, where “The idea of social responsibility supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations,” (Carroll and McGuire, 1963, p. 32). For example, Carroll (1979) suggests corporations must be socially responsible by not only abiding by laws and economically producing goods and services demanded by society, but also by meeting ethical responsibilities which that are expected by society yet not explicitly stated by law. Sethi (1975) develops an overlapping taxonomy, which suggests that a corporation’s responsibilities include social obligations, which correspond to Carroll’s economic and legal responsibilities, as well as social responsibility, which corresponds roughly to Carroll’s ethical responsibilities. Thus in these and related taxonomies and findings, ethics is often considered to be a dimension of corporate social responsibility (Llewellyn, 1998) which is not required, but expected of businesses (Carroll, 1991).

One common theory within corporate social responsibility is stakeholder theory, which suggests that the corporation has relationships with multiple constituents called stakeholders, that affect and are in turn impacted by the corporation’s decisions (Freeman, 1984). Additional contributions to the theory further suggest that all stakeholders’ interests have value, and no set of interests is assumed more valuable than another (Donaldson and Preston, 1995). Stakeholder theory is relevant to the present study in that stakeholders include both suppliers and customers (buyers). Further, there is also overlap between stakeholder theory and the study of normative business ethics (Jones and Wicks, 1999). For example, the October 1994 issue of Business Ethics Quarterly was dedicated to stakeholder issues.

The author is unaware of any study that have employed a dyadic methodology, within the broader realm of corporate social responsibility, to examine the ethical issues that affect the relationships of a corporation and its stakeholders. Next, literature is highlighted that specifically deals with ethical issues in both domestic and international buyer–supplier relationships.

2.1. Domestic vs. international issues

Table 1 provides a summary of the ethical issues identified in prior research in the areas of domestic and international purchasing, business-to-business marketing, and business ethics. Rather than repeat the information in the table, the focus in this section is to briefly contrast the theoretical positions and empirical research in the area of cross-cultural business ethics. However, one study in particular warrants further remarks. Dubinsky and Gwin (1981) surveyed 160 sales people and 66 purchasing personnel in the US, using a questionnaire listing 11 potentially unethical practices identified through a pretest with both purchasing and sales personnel. These questions were never subjected to formal scale development procedures, and the authors did not employ a matched (dyadic) sample of buyers and suppliers. Regardless, their study provides an excellent base for comparison with the current study, as it reveals the perceptions of US purchasing managers and their domestic sales counterparts. Section 8 documents this comparison.

Becker and Fritzshe (1987) consider the natural law, based on the work of Thomas Aquinas, which argues that all human beings share certain fundamental principles of right and wrong. Puffer and McCarthy (1995), for example, note that there are many similarities between Russian and US managers in what they view as ethical (keeping one’s word, maintaining trust and fair competition). On the other hand, cultural relativism argues that there are few, if any, universally common ethical principles (England, 1975). Instead, values and ethical behavior vary across cultures (Ferrell and Gresham, 1985; Hunt and Vitell, 1986).

The empirical evidence is mixed as to whether differences might exist between the behaviors that US purchasing managers view as being unethical vs. the perceptions of their non-US suppliers. For example, Dubinsky et al. (1991) examine whether the ethical perceptions of salespeople differ across countries, using a sample of US, Korean and Japanese managers. The authors do find differences across countries. Conversely, Husted et al. (1996) compare
Table 1  
Unethical activities identified through the literature review and group interviews

- Using obscure contract terms to gain advantage over other the party (Felch, 1985)
- Writing specifications that favor a particular supplier (Dubinsky and Gwin, 1981; Felch, 1985)
- Exaggerating the seriousness of a problem to gain concessions (Rudelius and Buchholz, 1979; Dubinsky and Gwin, 1981; Trevisan, 1986; Janson, 1988)
- Allowing a supplier to rebid after the closing date (Rudelius and Buchholz, 1979; Dubinsky and Gwin, 1981; Trevisan, 1986; Janson, 1988)
- Allowing only certain suppliers to bid (Trevisan, 1986)
- Giving preference to suppliers preferred by top management (Dubinsky and Gwin, 1981; Trevisan, 1986; Puffer and McCarthy, 1995; Husted et al., 1996)
- Allowing the personalities of the supplier to impact decisions (Rudelius and Buchholz, 1979; Dubinsky and Gwin, 1981; Trevisan, 1986; Janson, 1988)
- Concocting/making up a second source of supply to gain an advantage over suppliers (Felch, 1985)
- Asking the other party for information about your competitors (Dubinsky and Buchholz, 1979; Dubinsky and Gwin, 1981; Schlegelmilch and Robertson, 1995)
- Purposefully misleading the other party (Trevisan, 1986; van den Hengel, 1995)
- Using bribery (Puffer and McCarthy, 1995; Schlegelmilch and Robertson, 1995; Donaldson, 1996; Husted et al., 1996)
- Overestimating demand to gain volume discounts (van den Hengel, 1995)
- Soliciting quotations from suppliers who have little chance of success (Rudelius and Buchholz, 1979; Trevisan, 1986; Janson, 1988)
- Using "backdoor" selling techniques such as approaching personnel in engineering, manufacturing, or other departments outside of purchasing (Rudelius and Buchholz, 1979; Dubinsky and Gwin, 1981; Trevisan, 1986; Forker and Janson, 1990)
- Canceling purchase orders in progress and trying to avoid cancellation charges (Rudelius and Buchholz, 1979; Trevisan, 1986)
- Allowing a supplier to become dependent on the purchasing organization for most of its business (Trevisan, 1986; van den Hengel, 1995)
- Using small payments to facilitate international transactions (Puffer and McCarthy, 1995; Schlegelmilch and Robertson, 1995; Donaldson, 1996; Husted et al., 1996)
- Using less competitive prices or terms for buyers who purchase exclusively from the supplier (Dubinsky and Gwin, 1981)
- Increasing prices when there is a shortage of supply of the purchased material or product (Dubinsky and Gwin, 1981; Janson, 1988)
- Offering gifts in excess of nominal value (Dubinsky and Gwin, 1981; Felch, 1985; Schlegelmilch and Robertson, 1995)
- Overcommitting resources or production schedules (van den Hengel, 1995)

*These items were identified through both the focus group interviews and the literature review.

the attitudes and moral reasoning among business people in Mexico, Spain and the US, and find that the attitudes of representatives from all three countries are similar in terms of identifying the same issues as being unethical.

Do US purchasing managers identify the same set of issues as being unethical as do their non-US suppliers? While past empirical studies attempt to answer this question from the broader standpoint of whether ethical perceptions differ across national cultures, the author is unaware of any study that uses a set of matched (dyadic) responses from US purchasing managers and their non-US suppliers. Several studies examine the antecedents to unethical behavior. Lower levels of unethical behavior are associated with the establishment of a formal ethics policy (Guertler, 1968; Forker and Janson, 1990; Turner et al., 1994), providing ethics training programs and periodic review sessions (Dubinsky and Gwin, 1981; Lacziak et al., 1995; Wiley, 1995; Wood, 1995), rewards (Wood, 1995; Donaldson, 1996), punishments (Lacziak et al., 1995; Wiley, 1995), and positive examples set by management (Brenner and Molander, 1976; Victor and Cullen, 1988). All of these articles assume that unethical behavior is inherently disruptive and in some way produces negative consequences for the firms involved. None of the above research, however, empirically examines the consequences of unethical behavior. Next, anecdotal assertions from the ethics literature are combined with literature from marketing channels and exchange theory to develop a series of hypotheses that considers the consequences of unethical behavior in buyer–supplier relationships.
2.2. Hypotheses

2.2.1. Satisfaction with the relationship

Just as Levy and Dubinsky (1983) submit that unethical behavior by salespeople results in dissatisfied customers, large differences or gaps between buyers’ and suppliers’ perceptions of the level of ethicality of the buyers’ behavior might result in actions on the suppliers’ part that ultimately affect buyers’ satisfaction with the relationship. Exchange theory suggests that members of a dyad are less likely to be satisfied with a relationship if one believes the other cannot be confidently relied upon (Thibaut and Kelly, 1959). Anderson and Narus (1990) find a positive relationship between trust and satisfaction in channel relationships, providing related empirical support for this proposition. In addition, the principle of reciprocity in exchange theory suggests that each member of a dyad must perceive the other to be trustworthy in order to ensure a stable and continuing relationship (Blau, 1964; Anderson and Weitz, 1989). Further, one key dimension of trustworthiness centers upon a lack of opportunistisric and unethical behavior (Smith and Barclay, 1997). Finally, buyer-supplier relationship properties can be measured by collecting individual data from each organization and subsequently aggregating the responses to infer a relationship property (Ellram and Hendrick, 1995). One such aggregation approach involves calculating a difference between the perceptions of informants (Kumar et al., 1993). The following hypotheses consequently result:

**H1a**: Gaps between a buyer’s and supplier’s perceptions of the buyer’s unethical behavior negatively influence the supplier’s satisfaction with the relationship.

**H1b**: Gaps between a buyer’s and supplier’s perceptions of the supplier’s unethical behavior negatively influence the buyer’s satisfaction with the relationship.

Here, the satisfaction construct is similar to that of Woodruff et al. (1983) in terms of relying on the buyer’s or supplier’s experiences (experience-based norms) in evaluating his/her satisfaction with the relationship, and is measured with scale items adopted from Westbrook and Oliver (1981), Anderson and Narus (1984) and Smith and Barclay (1997). Again, these hypotheses are tested within the context of the relationships of US purchasing managers and their non-US suppliers.

2.2.2. Relationship performance

Gaps between the perceptions of buyers and suppliers concerning the ethicality of each other’s behavior might also negatively affect supplier performance. For example, reduced customer service and lower cost-effectiveness may occur as a result of less ethical activity in the relationship, as both sides may be less inclined to commit to and take a long-term perspective of the buyer-supplier relationship (Chonko et al., 1996). Each side may attempt to suboptimize the position of the individual firm, at the expense of hurting the other party (Frazier et al., 1988) and ultimately the supply chain as a whole (Houlihan, 1985; Ellram and Cooper, 1990; Ellram, 1991). Thus, the following hypothesis stands:

**H2**: Gaps between a buyer’s and supplier’s perceptions of the supplier’s unethical behavior negatively influence the buyer’s perception of the supplier’s performance.

It is most appropriate to model buyer satisfaction as an outcome of supplier performance, as buyers are likely to be more satisfied with suppliers whom they perceive to be performing at sufficient levels (Gladstein, 1984). At the same time, suppliers who are not satisfied with their relationships, due to buyers’ unethical practices, may perform at lower levels than they otherwise would have. Thus, the following hypotheses:

**H3**: A buyer’s perception of a supplier’s performance positively influences the buyer’s satisfaction with the relationship.

**H4**: A supplier’s satisfaction with the relationship positively influences the buyer’s perception of the supplier’s performance.

Next, the methodology is introduced that was used to develop the study’s scales and test the above hypotheses.
3. Design of the study

The project included an industry advisory group who participated in the development of the study’s design, the generation of the scale items, and the extensive pretesting of the questionnaires. In particular, the methodology addressing the research questions and testing the hypotheses consists of two primary segments: (1) a series of focus group interviews and (2) a set of survey questionnaires sent to US purchasing managers and their non-US suppliers.

3.1. Focus group interviews

Four focus group interviews, conducted in the early spring of 1997, engaged purchasing managers from US firms that purchase from non-US suppliers. A copy of the questioning route appears in Appendix A. Two of the focus group interviews were conducted with top-level purchasing managers who held the title of Director or Vice President; two additional focus group interviews were held with informants at the purchasing manager or buyer level within their firms, who had direct and frequent contact with a non-US supplier(s). Thus, homogeneity within groups is based upon occupational status and level of responsibility within an organization (Krueger, 1988).

Between five and seven informants participated in each of the focus group interviews. These participants represent a broad range of industries, including consumer products, aerospace, pharmaceuticals, construction equipment and foodstuffs. It is important to note, however, that the purpose of conducting focus group interviews, “is not to generalize but to determine the range, and not to make statements about the population, but to provide insights about how people perceive a situation.” (Krueger, 1988, p. 96). The third focus group yielded very repetitive results, while the fourth focus group interview yielded no new information. At this point, the focus group interviews were discontinued (Calder, 1977).

3.2. Survey questionnaire

Based on findings from the interviews and from an examination of existing literature, a survey questionnaire was generated and extensively pretested in the early spring of 1997, to assess face validity (Heeler and Ray, 1972) of the scale items. The pretest, administered to a total of 29 academics and practitioners over two successive rounds, modified any questions that appeared to be ambiguous or inappropriate. The participants’ final comments indicate that face validity exists, and that the questions appear to be appropriately and clearly worded.

A second, near-mirror-image questionnaire sent to non-US suppliers of the surveyed buyers allows the researcher to examine not only the perspectives of purchasing managers, but also the matched perspectives of their suppliers. Given the broad number of potential countries and languages of the supplier representatives to whom this second survey could have been forwarded, it was not viable to provide a translated supplier survey. However, both the focus group and pretest participants indicate that they are the customers of their suppliers, and unanimously agree that the supplier representatives whom they regularly deal with speak English fluently. The author considered the use of a triadic methodology, which would have included a third survey forwarded to a domestic supplier. However, there was concern that this additional supplier survey would have resulted in an insufficient number of responses, where fewer purchasing firms would have been willing to participate, given the requirements of forwarding two rather than one supplier questionnaires.

3.2.1. The sample

Both surveys were sent to the purchasing organizations of 1300 domestic (US) firms in the spring of 1997. This sample consists of members of the NAPM, participants in previous CAPS purchasing performance benchmarking studies, and participants in the 1997 CAPS-sponsored Executive Purchasing Roundtable. Respondents in the buying firms were asked to focus most of their responses to the survey questions on their relationship with a particular international supplier, and were also asked to forward the second, near-mirror-image questionnaire to the chosen international supplier. Like the buyer survey, this second supplier questionnaire was returned directly to CAPS. The supplier was asked to specifically

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1 A copy of the questionnaire is available from the author.
consider the buyer’s firm when answering the survey questions.

Dillman’s Total Design Method was used in order to minimize non-response. Thus, three complete mailings, plus one reminder postcard, were sent to non-respondents over a 7-week period. Both the buyer and supplier surveys were coded to ensure that only one survey was received from each potential firm, and to match the responses of the buyer–supplier dyad. The results from the focus group interviews and the mail survey are presented next.

4. Results from the focus group interviews

The focus group interviewees unanimously agree that lying to a supplier is explicitly unethical. The focus group discussions also complement the findings from the literature review, which suggest that there are a number of less tangible ways in which deception can occur. These activities include using ambiguous contract terms or other forms of communication to gain an advantage over the other party, exaggerating the seriousness of a problem to gain concessions, overestimating demand to gain volume discounts, overcommitting resources or production schedules, or in any other way misleading the other party.

Interviewees also unanimously agree that breaking the law is unethical. From an international standpoint, the Foreign Corrupt Practices Act and the Omnibus Trade Act of 1988 regulate conditions under which payment may be made to foreign officials (Pitman and Sanford, 1994). The acts make it illegal for US companies and their employees to make payments or give gifts of significant value to foreign officials with the intent of influencing a decision. Bribery of a foreign official regarding a critical decision, such as allowing a firm to obtain or retain business, is illegal. However, other types of bribery, such as facilitating payments, are legal. Facilitating or so-called “grease” payments are bribes to officials that create an incentive for the government official to expedite routine activities that would have been performed as part of their duties regardless of whether or not the payment was made. Examples of these routine activities include loading or unloading cargo, processing goods through customs, and processing other paperwork related to international trade.

Ethical actions are perceived by the purchasing managers as more than just obeying the law or avoiding deceit. There are many other activities that, while not involving outright deception, are also considered by focus group participants to be potentially unethical. These activities include allowing personal- ities and friendships to influence decisions, accepting a bid or allowing a favored supplier to rebid after the closing date, canceling purchase orders in progress and trying to avoid cancellation charges, and asking the other party for proprietary information about competitors. Examples of proprietary information include price and cost data, proprietary knowledge concerning software and production processes, and suppliers’ bids. Other identified unethical activities relating to the competitive bidding process include writing specifications that favor a particular supplier and soliciting quotations from suppliers who have no or little chance of success.

Interestingly, environmental or ‘green’ purchasing, and activities dealing with human rights such as purchasing from suppliers that use child labor, were not brought out through the focus group interviews, and are rarely mentioned in the ethics literature. Focus group participants suggest that these activities are generally not thought of as ethical issues in particular, but rather considered within the broader context of corporate social responsibility. Finally, the majority of buyer activities identified through the literature review and the focus group interviews are activities that could viably take place in both a domestic or international context. However, the literature indicates that some of these activities might be more prevalent in international buyer–supplier relationships, such as bribery and facilitating payments.

Specific supplier activities that focus group participants identify as being unethical include increasing prices when there is a shortage of supply and knowingly overcommitting resources or production schedules. For example, Inland Steel Chairman Rob Darnall notes that, “‘Time after time, we’ve had to say to our customers, ‘No, we can’t do that, we can’t do everything that you want,’” (Berry, 1995, p. 2). Similarly, Inland resists the temptation to discontinue shipping steel to contract customers at lower prices when spot market prices rise.
Other supplier activities that the focus group participants suggest may be unethical include using less competitive prices or terms for buyers who purchase exclusively from the supplier and avoiding personnel in purchasing by approaching personnel in such departments as engineering or manufacturing. Bribery and the offering of gifts in excess of nominal value are identified as unethical activities more applicable on an international scale.

While the focus group interviews help identify the range of possible actions that might comprise unethical behavior in global buyer–supplier relationships, they do not allow the researcher to generalize to the overall population of buyer–supplier relationships (McQuarrie and McIntyre, 1988). Another limitation of focus group interviews is the inability to measure the outcomes of unethical behavior such as decreased performance and dissatisfaction with the buyer–supplier relationship. For these reasons, a survey questionnaire complements the findings from the focus group interviews.

5. Survey response

A total of 132 usable surveys were received from the buying firms and another 157 surveys were returned stating that the survey subject was not applicable because the respondent’s firm did not purchase from non-US suppliers, resulting in an 11.5% response rate from buyers. Of that group, 88 firms have a “matched” supplier returning the near-mirror-image survey, resulting in a 66.7% response rate based on the potential 132 suppliers who could have been paired with the responding buyer firms. The higher response rate from the supplier group may be due to the fact that the request for completion of the questionnaire came from the buying firms, who are their customers.

Table 2 provides a summary of the buyer and supplier demographics. A large number of buyer-respondents come from such wide-ranging industries as petroleum, aerospace, consumer products, pharmaceuticals, electronics, chemicals, foodstuffs, telecommunications, transportation and metals. Other diverse industries include apparel, biotechnology, construction, financial services, and pulp and paper. The respondents, purchasing personnel with “close and frequent contact” with an international supplier, include individuals in a broad range of managerial levels ranging from buyers and materials specialists through directors and vice presidents. The sales and purchase figures in Table 2 suggest that the buyer respondents represent medium to large size firms.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Buyer</th>
<th>Supplier</th>
</tr>
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<tbody>
<tr>
<td>Manufacturing</td>
<td>80.0%</td>
<td>84.3%</td>
</tr>
<tr>
<td>Distribution and retail</td>
<td>5.4%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Other services</td>
<td>14.6%</td>
<td>6.0%</td>
</tr>
<tr>
<td><strong>Median annual sales</strong></td>
<td>US$1.8 billion</td>
<td>US$65 million</td>
</tr>
<tr>
<td><strong>Range of annual sales</strong></td>
<td>US$12 million to US$30 billion</td>
<td>US$2 million to US$125 billion</td>
</tr>
<tr>
<td><strong>Median purchases from the international supplier (median sales to the US buyer)</strong></td>
<td>US$3 million</td>
<td></td>
</tr>
<tr>
<td><strong>Range of purchases (sales)</strong></td>
<td>US$10,000 to US$200 million</td>
<td></td>
</tr>
<tr>
<td>Supplier location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>60%</td>
<td></td>
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<tr>
<td>Latin America</td>
<td>9%</td>
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</tbody>
</table>
Respondents to the supplier questionnaire include such diverse industries as aerospace (aircraft components and subassemblies), forgings and castings, chemicals, and electronics. Other products and services extend from dehydrated vegetables to fiber optic cable to testing results. The overall supplier sales figures suggest that the supplier respondents comprise a range of small to large size firms, representing a diverse group of 23 different nations in Asia, Europe and Latin America.

5.1. Non-response bias

As with similar studies using a dyadic methodology, the response rate from buyers is quite low. Non-response bias occurs when the opinions and perceptions of the survey respondents do not accurately represent the overall sample to whom the survey has been sent. One test for non-response bias is to compare the answers of early vs. late respondents to the survey (Lambert and Harrington, 1990). The idea is that late respondents are more likely to answer the questionnaire like non-respondents than are early respondents (Armstrong and Overton, 1977).

A natural break in the responses occurred after the first-wave mailing. Non-response bias was assessed by comparing those responses received after the first-wave mailing but before the second-wave mailing (early respondents) with the combined responses received after the second- and third-wave mailings (late respondents). The results from a multivariate $T$-test, computed using the key study variables, suggest that early respondents do not display statistically significant differences from late respondents ($p = 0.3613$).

5.2. Social desirability bias

Social desirability bias occurs in survey research when respondents inaccurately answer questions to conform to social norms or the expectations of the researcher, to portray themselves in a more favorable light. To solicit candid responses about their level of involvement in unethical activities, purchasing personnel were asked to answer these questions with regard to the activities of the purchasing department in general, rather than the actions of the individual buyer or purchasing manager. Rudelius and Buchholz (1979) use a similar technique in an attempt to minimize social desirability bias. This type of “other-based” questioning is more effective in lowering social desirability bias than competing methods such as the randomized response technique or individual-based scenarios (Armacost et al., 1991).

In addition to taking this precautionary measure, the survey includes a scale to measure social desirability bias. This scale is an abbreviated version of the Crowne–Marlowe Social Desirability Scale (Crowne and Marlowe, 1960). The scale used in this survey is shortened due to (1) length considerations, and (2) the non-applicability of some of the scale items in the original Crowne–Marlowe Social Desirability Scale, which was developed for the population in general rather than business people in particular. The scale in the current study consists of items drawn from a realm of behaviors that are ‘culturally sanctioned and approved, but which are improbable of occurrence’ (Crowne and Marlowe, 1960), such as “I have never felt the urge to tell someone off in my organization.”

The three true/false questionnaire items representing social desirability were coded and summed to create an ordinal-level social desirability scale, and the statistical relationship between this scale and the survey questions representing unethical behavior examined. No statistical relationship exists between buyers’ scores on the social desirability scale and their perceptions of either of the dimensions of unethical behavior that will be identified through factor analyses in the next section ($p = 0.7673$ and $0.3926$). This is also true regarding suppliers’ scores on the social desirability scale and their assessment of their own unethical activities ($p = 0.1795$). While the lack of a statistically significant relationship is not a guarantee against the presence of social desirability bias, it does provide evidence that respondents answered the survey questions without distorting their responses to appear as though their firms are less involved in unethical behavior than they actually are. Further, the author is unaware of any other study in the area of purchasing ethics that has tested for the presence of social desirability bias.

Next, the results from the analysis of the survey responses will be assessed to answer the study’s research questions and test the study’s hypotheses.
6. Scale development

6.1. Unethical activities: buyers

Exploratory factor analysis (EFA) was employed to determine whether the survey questions relating to unethical buyer behavior are actually measuring a single-dimension construct. The results from the EFA suggest the presence of two meaningful factors. The first factor or dimension includes survey items addressing such activities as using obscure contract terms to gain advantage over the supplier and purposefully misleading the supplier. The first dimension seems to consist of activities involving deception, and is subsequently labeled ‘Deceitful Practices’.

The second dimension included somewhat more subtle activities such as allowing suppliers to rebid after the closing date and giving preference to suppliers preferred by top management. The second dimension is consequently labeled ‘Subtle Practices’.

The two dimensions of unethical buyer practices were next subjected to a confirmatory factor analysis (CFA) to assess convergent and discriminant validity (Gerbing and Anderson, 1988). Researchers conducting a CFA use a chi-square test to determine whether the hypothesized model fits the data. However with real-world data, the chi-square statistic will often be significant even if the model provides a good fit (James et al., 1982). For this reason, researchers generally supplement the chi-square test with additional stand-alone goodness-of-fit indices.

The survey items shown at the top of Table 3 (Deceitful Practices and Subtle Practices) result in a two-factor model that displays a non-significant chi-square value and values that are greater than or equal to the 0.90 recommended minimum for the GFI, CFI and NNFI. The reliability coefficients are above the 0.60 minimum recommended by Nunnally (1978) for exploratory research, suggesting construct reliability. Convergent validity is evidenced by the high standardized factor loadings (Gerbing and Anderson, 1988). In addition, there are no large normalized residuals. Finally, a chi-square difference test was used to assess discriminant validity (Bagozzi and Phillips, 1982; Anderson and Gerbing, 1988). The chi-square difference value between these two models is significant at $p < 0.0001$ (32.13, 1 df), indicating discriminant validity. Together, these findings suggest an excellent fit of the data to the measurement model.

Due to the small sample size, the CFA was conducted on the same sample of buyers as the EFA, and could lead to the capitalization of chance since the data sets were identical. However a second CFA, conducted using the suppliers’ answers to the same survey questions displayed in Table 3, results in a similar set of factor loadings, with an insignificant chi-square value ($p = 0.4728$) and values above 0.90 on the GFI, CFI and NNFI. Finally, the findings from a simultaneous, two-group CFA indicate equal factor structures and suggest that the activities identified as being unethical by US buyers are viewed in a similar fashion by their international suppliers (Byrne, 1994).

6.2. Unethical activities: suppliers

Results from a second EFA suggested the survey items assessing suppliers’ unethical behaviors consisted of a single meaningful dimension. The findings from a subsequent CFA suggest an excellent fit of the data to the measurement model and confirm a single-factor solution. Again, due to the small sample size of buyers, a second CFA was conducted on the supplier sample and also yields an excellent fit between the data and measurement model. A simultaneous, two-group CFA results in insignificant differences of the imposed equality constraints across samples ($p > 0.05$), again suggesting that buyers and suppliers view these activities in a similar fashion.

6.3. Performance and satisfaction

Confirmatory Factor Analyses were conducted for the multi-item scales measuring the buyer’s perception of supplier performance, the buyer’s satisfaction with the relationship, and the supplier’s satisfaction with the relationship. The scale items retained to measure these constructs are displayed in Table 3, along with the reliability values and fit indices that assess the overall measurement model. All of these remaining scale items display insignificant chi-square values with GFI, CFI and NNFI values in excess of
Table 3
Questionnaire scale items and results from confirmatory factor analysis a,b

<table>
<thead>
<tr>
<th>Buyer activities: Deceitful Practices (currently, our purchasing function) b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invents (makes up) a second source of supply to gain competitive advantage (0.56)</td>
</tr>
<tr>
<td>Uses obscure contract terms to gain an advantage over suppliers (0.64)</td>
</tr>
<tr>
<td>Exaggerates the seriousness of a problem to gain concessions (0.70)</td>
</tr>
<tr>
<td>Purposefully misleads a salesperson in a negotiation (0.62)</td>
</tr>
<tr>
<td>Coefficient $\alpha = 0.71$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Buyer activities: Subtle Practices (currently, our purchasing function) c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gives preference to suppliers preferred by top management (0.51)</td>
</tr>
<tr>
<td>Allows personalities of the supplier to impact decisions (0.55)</td>
</tr>
<tr>
<td>Writes specifications that favor a particular supplier (0.72)</td>
</tr>
<tr>
<td>Coefficient $\alpha = 0.61$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supplier activities (currently, the supplier) d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lies to or grossly misleads us in a negotiation (0.62)</td>
</tr>
<tr>
<td>Uses less competitive prices or terms for buyers who purchase exclusively from the supplier (0.52)</td>
</tr>
<tr>
<td>Uses backdoor selling techniques (such as approaching personnel in engineering, manufacturing, or other departments outside of purchasing) (0.73)</td>
</tr>
<tr>
<td>Increases prices when there is a shortage of supply of the purchased material or product (0.50)</td>
</tr>
<tr>
<td>Offers gifts in excess of nominal value (0.62)</td>
</tr>
<tr>
<td>Asks us for information about their competitors (0.48)</td>
</tr>
<tr>
<td>Knowingly over-commits resources or production schedules (0.63)</td>
</tr>
<tr>
<td>Coefficient $\alpha = 0.79$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Buyer’s perceptions of supplier performance d</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am able to purchase reasonably priced products or services from the supplier (0.69)</td>
</tr>
<tr>
<td>I am able to obtain products or services from the supplier that are of sufficient quality (0.75)</td>
</tr>
<tr>
<td>I am able to obtain products or services from the supplier with adequate lead times (0.69)</td>
</tr>
<tr>
<td>The supplier does its job properly and efficiently (0.71)</td>
</tr>
<tr>
<td>Coefficient $\alpha = 0.80$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Satisfaction with buyer–supplier relationship d</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel fairly satisfied with my relationship with the supplier (buyer) (0.70)</td>
</tr>
<tr>
<td>I find real enjoyment in dealing with this supplier (buyer) (0.92)</td>
</tr>
<tr>
<td>Coefficient $\alpha = 0.78$</td>
</tr>
</tbody>
</table>

a Standardized factor loadings in parentheses.
b Chi-square $= 185.05$ (160 df; $p = 0.09$). GFI = 0.90, CFI = 0.95, NNFI = 0.95.
c These items were measured on a five-point Likert scale where 1 = never and 5 = always.
d These items were measured on a five-point Likert scale where 1 = to no extent and 5 = to a very great extent.

The results from the hypothesis testing are presented in the next section, while a discussion of the implications from testing H1a–H4 and from the development of the scales that measure unethical behavior, follow in a separate section.

7. Hypothesis testing

While data for the potentially unethical behavior of buyers and suppliers was collected from 88 matched dyads, there are less than 88 matched data sets for all of the constructs included in H1a–H4, due to item non-response. Structural equation model-
Fig. 1. The consequences of unethical practices in global buyer–supplier relationships: path model. *Chi-square = 5.62 (6 df, p = 0.47), GFI = 0.98, CFI = 0.99, NNFI = 1.00. **p < 0.05. ***p < 0.01. ****p < 0.0001. Dotted lines indicate the lack of a statistically significant relationship.

The same goodness-of-fit indices used to test the measurement model are used to assess the fit of the data to the path analytic model, and appear at the bottom of Fig. 1. The chi-square statistic was non-significant (p = 0.47) and the GFI, CFI and NNFI were 0.98, 0.99 and 1.00, respectively. These findings, along with an examination of the normalized residuals, indicate an acceptable model fit.

The absence of a statistical relationship is represented by a dotted line in Fig. 1, while a solid line represents a significant relationship and support for a hypothesis. H2 and H3 are supported and H1a is supported for the Deceitful Practices dimension. H1b and H4 are rejected. The implications of the scale development and the findings from the path analysis are discussed next. Afterwards, the limitations of the current research are considered, and suggestions for future research provided.

8. Conclusions

8.1. Scale development

Ten out of the 11 items listed by Dubinsky and Gwin (1981) are represented in the final scale items measuring unethical buyer and supplier behavior in Table 3. The eleventh item (providing a free lunch) is not, in itself, viewed as being unethical by the
focus group participants, presuming that a purchasing manager reciprocates this favor. The remaining scale items representing unethical buyer and supplier behavior in Table 3 are based on the current study’s focus group responses and research by Felch (1985), Trevisan (1986), and van den Hengel (1995). These three studies consider ethical issues from a domestic standpoint rather than from a broader international vantage. The two items most commonly associated with unethical practices in international business, using bribery and using “grease” payments to facilitate transactions (Puffer and McCarthy, 1995; Schlegelmilch and Robertson, 1995; Donaldson, 1996; Husted et al., 1996), are not included in the final scale items. Thus, it appears that the viewpoints of US purchasing managers do not change when dealing with non-US suppliers with whom they have a relationship. Perhaps more significantly, the factor structures of the scales measuring unethical buyer and supplier behavior are statistically identical between the buyer and supplier samples, suggesting that US purchasing managers share similar viewpoints with their non-US suppliers as to what activities constitute unethical behavior in their relationships.

One possible explanation for this latter conclusion is that buyers and their chosen suppliers view the ethicality of the identified behaviors similarly because there are fundamental, core values that cross cultures. For example, Husted et al. (1996) compare both the attitudes and moral reasoning of business people in Mexico, Spain and the US. The authors found that attitudes from all three countries were similar in terms of identifying the same issues as being unethical. Still, this concept is probably an overly simplistic and somewhat inadequate explanation.

It is more likely that there is congruence between buyers and suppliers, in terms of their identification of unethical behaviors, because norms and expectations of ethics are established and communicated as part of their particular business relationship examined in this study, as well as through relationships that international suppliers may have with other US customers.

The statistical findings from the current study also corroborate the assertions of Dobler and Burt (1996) who suggest that the difference between the ethical issues involved with international vs. domestic purchasing are really more a matter of degree. Activities such as bribery and the use of grease payments, that are typically associated with international transactions (Puffer and McCarthy, 1995; Schlegelmilch and Robertson, 1995; Donaldson, 1996), do not load on either of the two buyer factors in the current study. This finding suggests that these activities are not nearly as prevalent on the part of US buyers in their relationships with non-US suppliers, as might have been the case in the past.

Table 4 displays the results from a discriminant analysis, and shows that there are significant overall gaps between buyer and supplier perceptions for all of the dimensions of unethical behavior. Not only were these differences highly significant from a statistical standpoint ($p < 0.0001$), but they were based on a relatively small sample size, and are thus likely the result of practical significance, rather than the statistical significance that can result from large sample sizes.

8.2. The effect of differences in perceptions of unethical behavior

Differences between a buyer’s and supplier’s perceptions of a supplier’s behavior do not directly impact a buyer’s satisfaction with the relationship. Instead, the results suggest that such a gap negatively impacts a buyer’s perception of the supplier’s performance, which in turn impacts the buyer’s satisfaction with the relationship. According to one participant, “You kind of wonder what they are hiding here now that they have to resort to this type of activity in order to stay on as a supplier or become a supplier.” Similarly, another participant relates an account of a salesperson lying to a buyer’s manager to hide production problems at the supplier’s plant. The buyer experienced reduced performance in terms of service, quality, and price, which ultimately resulted in decreased buyer satisfaction.

These findings suggest that in order to enhance supplier performance and the buyer’s satisfaction with the relationship, it may be necessary to develop convergence between a buyer’s and a supplier’s perceptions of the supplier’s actions. While unethical behavior may not actually exist, “The results of a perceived impropriety may become, over time, more
Table 4
Discriminant analysis of unethical behavior

**Deceitful practices**

<table>
<thead>
<tr>
<th>Questionnaire item</th>
<th>Mean: buyer firms</th>
<th>Mean: supplier firms</th>
<th>Univariate F ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invents (makes up a second source)</td>
<td>1.33</td>
<td>1.98</td>
<td>27.70***</td>
</tr>
<tr>
<td>Uses obscure contract terms</td>
<td>1.22</td>
<td>1.33</td>
<td>1.94</td>
</tr>
<tr>
<td>Exaggerates the seriousness of a problem</td>
<td>1.52</td>
<td>1.80</td>
<td>8.22**</td>
</tr>
<tr>
<td>Purposefully misleads a salesperson</td>
<td>1.17</td>
<td>1.36</td>
<td>8.05**</td>
</tr>
<tr>
<td>Wilks’ Lambda = 0.8715 (p &lt; 0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtle practices**

<table>
<thead>
<tr>
<th>Questionnaire item</th>
<th>Mean: buyer firms</th>
<th>Mean: supplier firms</th>
<th>Univariate F ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gives preference to suppliers preferred by</td>
<td>2.27</td>
<td>2.81</td>
<td>12.74***</td>
</tr>
<tr>
<td>Allows personalities of supplies to impact</td>
<td>2.01</td>
<td>1.82</td>
<td>2.17</td>
</tr>
<tr>
<td>Writes specifications that favor a particular</td>
<td>1.69</td>
<td>1.71</td>
<td>0.02</td>
</tr>
<tr>
<td>Wilks’ Lambda = 0.9093 (p &lt; 0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Supplier activities**

<table>
<thead>
<tr>
<th>Questionnaire item</th>
<th>Mean: buyer firms</th>
<th>Mean: supplier firms</th>
<th>Univariate F ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uses less competitive terms or prices</td>
<td>1.81</td>
<td>1.63</td>
<td>2.48</td>
</tr>
<tr>
<td>Uses backdoor selling techniques</td>
<td>2.00</td>
<td>1.70</td>
<td>4.98*</td>
</tr>
<tr>
<td>Increases prices when there is a shortage</td>
<td>2.16</td>
<td>1.98</td>
<td>1.40</td>
</tr>
<tr>
<td>Offers gifts in excess of nominal</td>
<td>1.77</td>
<td>1.22</td>
<td>27.54****</td>
</tr>
<tr>
<td>Asks us for information about competitors</td>
<td>2.38</td>
<td>1.98</td>
<td>8.81**</td>
</tr>
<tr>
<td>Uses obscure contract terms</td>
<td>1.34</td>
<td>1.13</td>
<td>8.69**</td>
</tr>
<tr>
<td>Lies or grossly misleads</td>
<td>1.41</td>
<td>1.25</td>
<td>8.40**</td>
</tr>
<tr>
<td>Knowingly over-commits resources</td>
<td>1.60</td>
<td>1.44</td>
<td>2.68</td>
</tr>
<tr>
<td>Wilks’ Lambda = 0.7112 (p &lt; 0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.05.

**p < 0.005.

***p < 0.001.

****p < 0.0001.

Complete scale items are displayed in this table.

disruptive or damaging than an actual transgression,” (Dobler and Burt, 1996, p. 723). A convergence of perceptions may occur through better communication (Ellram and Hendrick, 1995; Laczniak et al., 1995), joint training (Smith and Barclay, 1997), and spending time in the partner’s organization (Dixon, 1997) during, for example, site visits. Despite the vast geographical differences that can exist in international relationships, communication and even training are increasingly facilitated through the use of technologies such as e-mail and video-conferencing (Handfield and Nichols, 1999).

A buyer’s Deceitful Practices produce a significant, negative effect on supplier satisfaction, while there is no relationship between Subtle Practices and supplier satisfaction. In addition, no causal link exists between the supplier’s satisfaction with the relationship and the buyer’s perceptions of performance. Perhaps in the short run, motivated by cash flow, a supplier may continue to perform according to the legal obligations in the conditions of a contract or the implicit norms and expectations of the relationship, despite being dissatisfied with a buyer’s Deceitful Practices. However, it is possible that in the long run, dissatisfied suppliers will ultimately leave the relationship, or be unwilling to provide extra services and ‘go the extra mile’. For example, J. Ignacio Lopez, while Vice President of purchasing for General Motors (GM), forced suppliers to accept price cuts. Many of these suppliers continued to do busi-
ness with GM, despite their ethical and legal criticisms of Lopez’s actions (Forbes, 1992). However, when demand in the automobile industry later increased, suppliers who also shared Chrysler and Ford as customers were less willing to expedite orders and change production schedules for GM.

9. Contributions, limitations and suggestions for future research

The literature review shows a lack of a consistent approach to measuring ethical performance in purchasing and sales situations, as well as for businesses in general (Gatewood and Carroll, 1991). The grounded development of a set of reliable and valid scales to measure unethical behavior in buyer–supplier relationships provides an initial contribution in this area. The current study attempts to broadly define the relevant ethical issues within the context of relationships of US buyers and their existing non-US suppliers. This broad definition is developed and measured through an integration of the findings from an extensive literature review with those of focus group interviews of purchasing practitioners and a dyadic survey of purchasing managers and their suppliers.

In developing the scales that represent unethical behavior in buyer–supplier relationships, it is important to note that questionnaire items representing activities listed in Table 1 but not included in the final scales in Table 3 might very well be relevant in some firms, including bribery and the use of facilitating payments. Further, managers must continually monitor and assess the ethicality of actions of purchasing personnel, as the perceptions of what is considered to be ethical and acceptable behavior can change over time (Trevisan, 1986; Wood, 1991).

There are numerous antecedents to unethical behavior that have been proposed and even tested for in the extant literature. However, the objectives of this paper include an examination of the consequences of unethical behavior, rather than the many potential antecedents. Future research in this area could investigate the effect of such factors as the length of the relationship and the supplier’s nationality on the gaps between buyers’ and suppliers’ perceptions of unethical behavior in the relationship.

Purchasing managers from multiple industries were sampled in order to arrive at a sufficiently large sample size. Past research suggests that responses can vary across purchasing and sales settings (Weitz, 1981; Churchill et al., 1985). In the present study, no control exists for either the buy-type or industry. Future research should examine the potential differences that may exist among industries, as well as categories of buying such as commodities vs. make-to-buy and strategic purchases vs. MRO procurement. Finally, the reader should be aware that an assumption of the study is that suppliers were independent entities and not subsidiaries of larger multinationals, as it would have been particularly difficult to examine all of the multinational relationships.

This study examines the matched perspectives of purchasing managers and their suppliers. This approach allows the author not only examine the viewpoints of US purchasing firms, but to also compare these perspectives to those of their foreign suppliers. The author is unaware of any other study using such a dyadic approach to examine ethical issues in buyer–supplier relationships. However, like many other studies employing a dyadic methodology, the number of matched buyer–supplier responses is relatively small (88). For example over a 5-year period in the Journal of Marketing, from 1993–1997, the average number of matched buyer–supplier responses for this type of methodology is 98. Like Ellram and Hendrick (1995), this researcher sacrifices a potentially larger response from purchasing firms for smaller, but richer and more insightful data, which includes the perspectives of their suppliers.

There was a concern that US buyers might not be highly involved in international sourcing. In fact, 157 surveys were returned stating that the survey subject was not applicable because the respondent’s firm did not purchase from non-US suppliers. Further, in order to elicit valid responses of the perceptions of both members of the dyad, each purchasing manager was asked to forward the survey to a supplier with whom s/he had ‘close and frequent contact.’ The findings from the present study can thus not be generalized to all types of relationships between US purchasing managers and their non-US suppliers. Further, it is possible that US purchasing managers evaluate and select international suppliers,
in part, for their adherence to ethical practices. Thus, again, readers should use caution when generalizing the findings beyond the dyad level.

In conclusion, buyers and their suppliers identify the same sets of activities as being unethical. This finding suggests that culture does not influence ethics associated with the interactions of US purchasing managers and their foreign suppliers. However, additional research is needed to determine whether these results hold across other international purchasing situations. One possible extension would be to examine ethical issues when both the buyer and supplier are located outside of the US, and compare these results to ethical issues that exist when one party is located within the US. In the former case, it is possible that a separate set of ethical issues, such as bribery (Donaldson, 1996) and the use of child labor (Duerden, 1995), may exist.

Acknowledgements

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Appendix A. Focus group questioning route

A.1. Introduction

We are here today to discuss ethical issues in purchasing. I want to start by saying that there are no right or wrong answers, but rather differing points of view. Please share your point of view even if it differs from what others have to say. I am just as interested in negative comments as positive comments; both can be very helpful.

A.2. Questioning route

Looking back on your experiences as a buyer (purchasing executive) how would you define unethical behavior in purchasing?

Based on your experiences, what are some specific activities that you consider to be unethical behavior in purchasing?

Next, I want to focus on ethical issues in an international context. Again, based on your experiences, what are some issues/activities that you consider to be unethical behavior in purchasing?

Think back to the last time that you were faced with an ethical issue in an international context, where your values did not mesh with those of the supplier. How did you deal with this situation? Probe: If the respondent cannot think of an example of the values not meshing, ask for any other ethical situation with a foreign supplier.

What aspect of your company most influences the ethicality of your behavior? Probe: Ethics statement, culture, top management support (use just one or two to “get the ball rolling” if necessary. Rotate order among groups to avoid bias)

Think about your dealings with an international supplier. Do you think that the supplier’s country’s culture impacted the way that the supplier viewed ethics? If so, how?

I have a list of activities which were identified through a review of the literature as comprising ethical issues in purchasing or in terms of general management. I would like to give you a few minutes to review this list and give me your insights. In particular, are there any issue that you can think of which are not on the list but should be included, and just as important, are there any issue included on the list that should be omitted? Also, is there any wording which is unclear?

Note: The questioning route was developed through brainstorming sessions with other academics and the input of the study’s industry advisory group, and was pretested with a separate group of academics.

References


