GLOBAL SUPPLY CHAINS AND THE COMMANDMENT
TO LOVE ONE'S NEIGHBOR AS ONESELF

by

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“Global Supply Chains and the Commandment to Love One's Neighbor as Oneself,” a thesis prepared by Tucker Teague in partial fulfillment of the requirements for the Master of Business Administration degree in the Department of Business Management. This thesis has been approved and accepted by:

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How should a Christian business person approach the realities of global supply chains, including the often harsh treatment of female workers within those supply chains, in light of the Biblical commandment to love one's neighbor as oneself? Global supply chains are powerful business engines. However, many workers, especially women workers, in those supply chains are treated poorly. The underlying assumption is that global supply chains are powerful business and cultural systems that can have a positive impact on the world as long as they are subjected to a higher ethic. Seeking to love one's neighbor as oneself, which Jesus taught as the second part of his great commandment, may be the best foundation upon which to create a context whereby workers are universally respected and treated fairly in this increasingly globalized world.
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CHAPTER I

INTRODUCTION

Proposing the Challenge of Global Supply Chains

and a Christian Business Ethic

Poor treatment of many women workers in global supply chains begs an important question: Can it be expected that the common business goals which drive global supply chains will also lead to the proper treatment of workers, regardless of where or who they are? This thesis contends that common business drivers, such as seeking competitive advantage or improving margin, are insufficient for solving vital ethical issues related to the treatment of workers in global supply chains. This is the thesis question to be explored: Is seeking to love one’s neighbor as oneself, which Jesus taught as the second part of his great commandment the best foundation upon which to create a context whereby workers are universally respected and treated fairly in this increasingly globalized world?

Three key topics that will shed light on this thesis question will be explored: (a) the nature of global supply chains, including the typical business goals underlying the operation of those chains, and including the common levers that influence them; (b) the frequently unfair treatment of workers in global supply chains, especially the often
difficult situation women workers face in those labor environments; and (c) the ethical concerns that have been raised about the treatment of female workers in global supply chains and some of the solutions that have been suggested. The underlying assumption is that global supply chains are powerful business and cultural systems that can have a positive impact on the world as long as they are subjected to an a higher ethic.

For the sake of setting forth the argument, consider this scenario: when a shopkeeper opens her doors in the morning and hangs out the welcome sign it is time to get to work. The pressures of the day quickly crowd in as she must meet the demands of her customers and her business' bottom line. She must manage her time and her employees, deal with suppliers, and try to make plans for the future while also trying to fully understand the past. Questions of ethics are considered, if considered at all, largely in the immediate context of the day-to-day routine. Our shopkeeper will have to decide where she stands on being truthful and honest with those whom she works; she will make ethical decisions around how she manages her accounting and pays her vendors; she may even face moral questions about what products she sells and whether they are good for her community.

Now let's assume this shopkeeper is also a Christian, one who makes claims to be a follower of Jesus Christ, and one who participates in the life of Christian culture. The ethical issues for the shopkeeper will not be any different from any other shopkeeper. However, she now carries the burden of having to follow some explicit commands with regard to the world, most notably to love her neighbor as herself. And who is her neighbor? Is her neighbor only the immediate customer or vendor with whom she does
business? Or, given that she lives in an increasingly globalized world, does her neighbor include those with whom she now has connections, even though they may be on the other side of the planet and at the distant end of her supply chains?

If our shop keeper then decides that she does want to build her business around the idea of loving her neighbor as herself, and then apply that philosophy to her dealings with her supply chains, she must decided how to do that. What options are available to her? Does she choose servant-leadership as a leadership style? That is, will she seek to be a servant first and, as Greenleaf (1991) says, “to make sure that other people's highest priority needs are being served” (p. 7)? Does she choose to buy only from suppliers that treat their employees well? Does she seek to instill corporate social responsibility into her business practices?

These kinds of questions might be of little importance if it were not for two realities. The first is that the world is more connected than ever before. The second is that many workers in global supply chains, particularly those in developing countries, often have few of the rights or freedoms those in Western and Northern societies take for granted and may even assume to be inalienable. This is not to say that the benefits of free-market capitalism have not brought greater wealth to many developing countries, nor that many of the world's poor have not seen at least some economic improvement to their way of life. However, as the gap between the world's poor and the world's rich gets bigger, and as facts continue to come out regarding the all too often harsh treatment of laborers, including women and children, within global supply chains, one cannot help but
ask whether a laissez faire, free-market philosophy is the best approach for creating a fair and just system that benefits all stakeholders appropriately.

A Christian business person must ask these kinds of questions, not merely because economic systems come with their own set of moral presuppositions about human nature and human needs, but also because in the day-to-day world of business, as it is in life, one's actions flow from one's beliefs. If a Christian is to take seriously the commandment to love her neighbor as herself, then it only makes sense that that command, that challenge, would raise such questions. Maybe one of the great historical ironies is the interconnectedness of free market capitalist thinking and Christian theology; ironic because one system is based on self-centeredness for its success and the other is based on other-centeredness. Our shopkeeper will have to decide if this interconnectedness is both useful and valid.

Pressing the Issue

In November 1999 tens of thousands of protesters rallied in Seattle, Washington to challenge the World Trade Organization (WTO) and its ministerial meeting being held in that city. “Protesters came from all over the world, not just the developed countries. They ranged from human rights groups, students, environmental groups, religious leaders, labor rights activists wanting fairer trade with less exploitation” (Shah, 2001). For many U.S. citizens, who witnessed the protests from their living rooms, that may have been the first time they ever considered the free trade versus fair trade debate, or
thought about the plight of workers in developing nations struggling under the burdens (and reaping the rewards) of globalization. Certainly, for many U.S. citizens the WTO may have previously been a virtually unknown entity. The size and passion of the protests highlighted the fact that these issues are not new, either historically or philosophically. One does not have to agree with the protesters to acknowledge ignorance may truly be bliss for U.S. consumers who benefit, at least in the short term, from low prices and instant gratification. And yet there are more serious concerns than marching protesters blocking traffic.

The protests in Seattle, and since then similar protests elsewhere, have highlighted the realities of (a) the apparent interconnectedness of the world, both the developed and the developing; (b) the role of pro-capitalist organizations in controlling global economies, and in particular the World Bank and the International Monetary Fund (IMF); and (c) the reality that all is not well, and not all are on the free-market bandwagon. Possibly more important and more serious, however, was that the protest raised the question of how much do we know; that is, how aware are we in the developed world of economic issues that might call into question not merely our complacencies, but the state of our souls.

Where one might begin to answer some of the challenges, and tackle some of the ethical implications, of globalization and, in particular, global supply chains, is the focus of this thesis. However, if significant change is to be made, especially change that is born out of strongly held ideas and not merely external pressures, then change will be difficult. The United States still has the most influential economy in the world (for the time being)
and free-market economic theory, or what is often called neo-liberal capitalism, is its worldview and policy. Within that worldview are deeply held convictions about human nature, democracy, personal freedom, individualism, moral agency, personal responsibility, the pursuit of happiness, the role of government, and much more. Many of these convictions are also highly debatable if not always fully debated in the standard public forums. What may make dialogue difficult in the United States is the almost hegemonic supremacy of the neo-classical economic ideology. According to McGuigan (2005) free-market economic policy, as it is preached and practiced today, is so completely taken for granted that other positions are considered merely fringe ideologies.

**Capitalism and Choice**

One of the great characteristics of capitalism is the fact that it is so choice driven. People make choices based on what they want to purchase, business leaders make choices about what their companies will make and sell, and workers will make choices (more or less) about what kind of labor they want to provide. Connected to this concept of choice is the idea of consequences. People make their choices and live with the consequences. The system, in this regard, seems rather cut and dried. But is it? The rash of corporate scandals of the past few years, combined with the hefty severance packages received by CEOs, pulled back the curtain somewhat on corporate machinations and seemed to indicate that many business leaders will continue to get rich regardless of potential consequences almost no matter what decisions they make, whereas the workers and the
investors may lose their shirts even if they make good decisions. When the lid is lifted off
business and we get a good look at what is truly going on the inside, we sometimes see
the ugly side of human nature and the manipulations of the powerful for personal gain.
Let us not forget that the executives at Enron still believe they did nothing wrong.

The kinds of business decisions that make headlines, such as plant closures,
outsourcing, and downsizing are probably more often than not the negative results of
previous strategic business decisions made by leadership and not merely reactions to
unforeseeable market changes. These are the kinds of decisions that can affect thousands
of workers, their families, and whole communities. They are also the kinds of decisions
that highlight the fact that consequences for the decision maker, especially of those at the
highest levels of power, are not always, or even inherently, a part of capitalism. In other
words, very often decisions that have potentially wide ranging effects and significant
implications, both within and without the company, are sometimes made in the relative
isolation of the corporate office or boardroom, or even just a handshake on the golf
course. The captains of industry, and their families, rarely feel the direct downside of
strategic blunders. But if we are called to love our neighbors as ourselves should we not,
then, tenaciously hold ourselves to higher standards?

Freedom is a difficult concept. And freedom is often more richly complex and
more challenging a subject than it might seem. Freedom is not a simple solution to the
world's ills, but freedom is crucial to economic development, to personal growth, and for
the foundation of moral action. The difficulty with freedom, however, is that it is a
double edged sword. Freedom has everything to do with the constraints or lack of
constraints placed on human beings, and human beings are sinners. There are many champions of free enterprise and free markets, and rightly so. But once a market has been made free, that is a market free of burdensome constraints on trade, has true freedom been attained? More importantly, will that freedom lead to the kind of world that has lasting value in human and spiritual terms? The great beauty of freedom is that of opportunity to do good, not merely being free from constraints. If love is more important than profits, then profits can have real value being a means to an end, but much less value if they are an end in themselves. In other words, freedom is foremost a moral category, not an economic or political one.

Guiding Presuppositions

Any examination of economic systems, human actions, and business drivers cannot come without presuppositions. Although the topic at hand is the examination of key ethical issues within global supply chains, one could say that a set of key presuppositions are also under examination, at least indirectly. These presuppositions include the following: (a) there is no such thing as an ethics for business distinct from the rest of life; (b) work is a gift to receive, not merely a burden to overcome; (c) human worth is fundamental and more than mere sentimentality; (d) political and economic freedoms are valuable, necessary for economic growth, and yet, they are not the most important things; and (e) there is a God who exists and in whom is the source of truth and morality.
It is assumed here that business ethics is nothing other than the same ethics found in the rest of life applied to business-specific situations. Another way of putting it is that there is no such thing as business ethics, there is only ethics. In other words, one could take the ethical position that it is not okay to lie in order to get what one wants regardless of the negative effects upon someone else. This position can be applied to any area of life, including family, school, friendship, fishing, and, of course, business. What is important to understand is that business does not create a new set of ethics. Business may provide a somewhat different context in which ethics are played out, for example contract law or vendor relations, a context that may look and feel different than coaching little league or sitting at the dinner table with one's family. But one cannot then say, because one is dealing with vendors, it is okay to lie for one's own advantage and then defend one's actions because the business world is not like other areas of life. Business may be like war at times, but ethics transcend categories, even war. If ethics could not transcend categories then ethics become relative, and once relative there is no ultimate means by which to justify drawing lines around good and bad. Ethical relativism may appear to offer the necessary flexibility needed to address a dynamic and apparently contradictory world, but relative ethics is ultimately a dead end. According to Shaw and Barry (2004) there are three problems with ethical relativism:

First, it undermines any moral criticism of the practices of other societies as long as their actions conform to their own standards. We cannot say that slavery in a slave society like that of the American South 150 years ago was immoral and unjust as long as that society held it to be morally permissible.
Second, and closely related, is the fact that for the relativist there is no such thing as ethical progress. Although moralities may change, they cannot get better or worse. Thus, we cannot say that our moral standards today are any more enlightened than they were in the Middle Ages.

Third, it makes no sense for the relativist's point of view for people to criticize principles or practices accepted by their own society. People can be censured for not living up to their society's moral code, but that is all. The moral code itself cannot be criticized because whatever a society takes to be right really is right for it. (p. 12)

Thus, the only adequate source for an ethical foundation is one that transcends the context in which those ethics are played out. In other words, our ethical foundations must be rooted in something beyond this world we live in and must be unchanging. None of this is meant to imply that ethics based on a transcendent source of moral absolutes is either easy to discover for all situations or readily comprehensible. Sometimes, and for many reasons, sorting through ethical issues will remain difficult and challenging.

Christians believe that humankind has been under a curse with regards to doing work. Christian or no, most people would agree that work has built into it at least an element of futility. However, the problem is not with work itself, but the fact that work is difficult and often futile as a result of spiritual death and sin. This dilemma is similar to human beings in broad terms. Humans are amazing and wonderful creatures with the ability to be loving, self-sacrificing, and creative. Human beings are also terribly flawed, capable of petty self-centeredness and outright evil. Work, similarly, is something
inherently good, one could call it a gift, and that is the rub. We often chafe at our labors because we desire them to be more than they are because they should be. But our chafing does not mean that work should be done away with. Having a job, even in a low paying garment factory or in the hot sun of a farmer's field, is a good thing. From a Judeo-Christian perspective, work is under a curse, but it is also a gift from God. The goal is to make jobs better by focusing on the inherent value of human beings first and to seek profits second. Whether this makes good business sense is an age old question.

Ask anyone if human beings are inherently valuable and one is likely get both a "yes" and a look of surprise. Of course human beings are valuable. How could one legitimately ask such a question about something so obvious? The problem, and what prompts the question, is the difficult reality that so many people in this world are abused, taken for granted, used until apparently useless, and treated like mere tools for achieving the ends of others. So many in this world are treated as though they have no inherent value except for what they can do or provide for those who employ them. This is the place where people can become merely numbers embedded in cash flow statements and balance sheets, and that is the trouble with financial statements. Though necessary for a functioning business, financial statements provide cryptic information about very complex processes, systems, and human decisions, and as such are connected very intimately to what is most valuable about human action, that is, human beings. Many companies will say their people are their greatest asset. This kind of statement can be troubling. An asset is something that is owned and we live in an age where the ownership of people is considered immoral. But the statement is also troubling because the evidence
often shows that companies will say they value their people but, in fact, demonstrate they value their numbers even more. Where is the balance to be found? Regardless of the numbers, which are critical, people have inherent value and must be treated as such.

None of these presuppositions make any real sense if there is no personal creator God to whom we owe our existence. This is not the place to make the case for God or to demonstrate the logic of moral absolutes; both are expeditiously assumed here. However, for this thesis it can be assumed that, given the posited existence of a personal creator God, all human activity, including business, is subjected to that God. Business is a human activity and is therefore interwoven with all other human activities, needs, and hopes. Therefore, business is linked to the profound reality that human beings are made in the image of God, that they are creative, industrious, rational, and moral creatures capable of great good and, in their falleness, capable of great evil. The existence of God not only provides the moral absolutes necessary for the existence of a good ethical system, but the existence of God provides the necessary hope for such a system to have any ultimate meaning. Without hope, hope on a grand scale, hope for true redemption, there is no value in considering how human beings should conduct their affairs. There would be no reason, beyond individual emotions born out of reactions to immediate contexts and biological urges, to consider the plight of global supply chain workers half a world away.
Ethics is critical to business. But ethics is much grander than business and much deeper than supply chain logistics. When our shopkeeper faces ethical decisions she is at the precipice of human existence and possibly of her soul. But she also has the pressures of her business and her culture weighing on her. Through great technological changes she is now connected like never before to other human beings around the globe. She is also, likely, a believer in free-market capitalism and trusts that it will provide the means for her success. The question is whether such capitalism helps or hinders her ethical decision making. The question is important because it is both a question of functionality and a question of morality, and there are no economic questions more important than those that are of a moral nature. But the question is also important because we live in a world that encourages one perspective above all others. We also live in a pluralized age in which faith and faith communities are important, for various reasons, but tend to be excluded from consideration by popular economic ideology. And the question is important because the legitimate pressures of business, including those within global supply chains, raise the question as well as push it to the side in the name of progress and profits.

In short, the issue on the table is simple: If a solution is to be found for solving the very human moral issues found within global supply chains it will not come from an economic system, even from neo-classical economic theory. Rather, the only real solution, this side of God's kingdom, will be through the sacrificial act of loving one's neighbor as oneself; a foolish proposition to many ears. Therefore, as a kind of test
environment, this thesis will explore the nature of global supply chains, including the business drivers that make them both a challenge and a source of competitive advantage, as well as how those drivers exert downward pressure through the chain, in order to seek an ethical solution. Also, as a part of this examination, this thesis will more specifically examine the lives of female workers in these supply chains and explore some of the more salient burdens those women bear. Finally, a case will be made by placing the prevailing perspectives of global supply chains alongside some of the teaching of Jesus. The goal is to make clear that global supply chains are powerful business and cultural systems that can have positive impact on the world as long as they are subjected to an even higher ethic.
CHAPTER II

GLOBALIZATION AND SUPPLY CHAINS

Looking at Global Supply Chains

In order to more fully understand the treatment of workers in global supply chains we need to understand the nature of global supply chains themselves, including the characteristics that animate them, their variables, and how they are measured. We also need to address how global supply chains fit into corporations’ concepts of their corporate responsibilities. It is likely that one cannot broach the ethical considerations businesses must face without understanding the context of those decisions. But it is supposed here that context does not mean situational ethics or moral relativism. Understanding why businesses do what they do requires an understanding of the context in which those businesses operate, but context does not necessarily preclude fundamental moral obligations.

Consider the desire to purchase a cup of coffee on the way to work. That coffee is delivered to the customer quickly, with a smile, and at a somewhat reasonable price – at least many are willing to pay for it. The processes by which this item reach one's hand is probably far more complex than most would typically care to know. However, the processes are there to meet the demands of customers, and those processes include all the
ways different pieces of the puzzle come together, including the procurement process and supply network.

Going global may be a business decision born out of necessity; raw materials may only be available from another country, for example. Going global may also come from the desire to maximize profits by seeking low-cost manufacturing or from the desire to increase differentiation by seeking the unique capabilities found within a particular nation. The cost reductions found in some supply chains can offer tremendous promise for improved bottom lines. According to Yip (2003) there are at least four key cost reduction strategies from globalization: (a) economies of scale, (b) lower cost of production, (c) flexibility, and (d) enhancement of bargaining power. A business may seek to lower their cost of goods sold by developing a global strategy to harness the possibilities of economies of scale by pooling production from multiple global locations. Many developing countries have significantly lower costs for manufacturing than found in countries such as the United States. Moving manufacturing offshore to a low-cost country may significantly reduce factory and labor costs. By locating manufacturing in several locations a company can move production around between locations on short notice to take advantage of competing low-cost manufacturing, as well as, be flexible to adjust to global instability. Such flexibility can also result in bargaining power. A company can play one country or region against another when negotiating with suppliers, workers, and host governments, thus increasing the chances of gaining the lowest costs. Bargaining power may also provide a means to fight unionization and workers' rights advocates.
Going global also brings with it certain ethical concerns. The kinds of moral questions a business might ask of their global supply chain are not significantly different from the kinds of questions one might ask regarding domestic supply chains, including contract labor scenarios and environmental impacts. Fundamentally moral questions tend to come down to issues regarding stakeholders’ connections to the exploitation of people and environments, of power and control, and of the very nature of the business itself. Global supply chains are inherently complex, difficult to manage, and can offer the promise of tremendous profits. Combine those factors with such human desires as pride and greed, and there is the potential for significant ethical problems within global supply chains. Paul Pessler, CEO of Gap Inc., put the issue this way: "We’ve taken important steps toward safer conditions and better treatment for workers in garment factories, but the social responsibility issues across the industry remain immensely complex" (Gap Inc., 2004). Pressures come at businesses from all sides, in no small part because business is an elemental human endeavor run through with the full range of human struggles, desires, and limitations.

The Nature of Global Supply Chains

A supply chain can be defined as the linking and leveraging of "three or more organizationally distinct handlers of products, where products include physical goods, services, and information" (Cooper, Ellram, & Gardner, 1997, p. 1). However, the idea of a supply network is likely a better expression for what is commonly known as a supply
chain, that is, "all the activities involved in supplying an end user with a product or service" (Meredith & Shafer, 2007). The idea of a chain implies a linear model but, in fact, supply chains are rarely strictly linear and, according to Nassimbeni (2004), companies are often nodes themselves of branched supply networks "crossed by a variety of simultaneous flows" (p. 43). However, for the purposes of this thesis, it will be assumed that the term supply chain necessarily implies a network model in real world practice. Regardless, supply chains are inherently complex systems that are difficult to understand, describe, predict, or control. According to Sivadasan, Efthathiou, Calinescu, and Huatuco (2004):

Supply chains are inherently complex from both structural and operational perspectives. Supply chains display the characteristics of complex systems in that a large number of firms operate simultaneously with many supply partners, interacting through a variety of information and material flows in an uncertain way. (p. 137)

And thus that morning cup of coffee may be the rather inauspicious product of a highly complex series of processes interconnecting and crisscrossing in a relatively managed network of decisions, exchanges, and labor.

It is not only the flow of information and exchanges that are complex. The complexity of a supply chain can increase exponentially when other factors are considered, such as (a) how complex is the internal organization itself? And how complex are the internal organizations of each of the suppliers?; (b) how complex are the
interfaces between organizations, that is, the supplier-customer interface and the supplier-customer interfaces of each supplier?; and (c) how complex is the environment?

As supply chains grow so does the level of information in the system, and therefore the level of noise that can creep into the system as well. The mathematical formulas proposed to calculate this level of complexity, some of which are based on classic information entropy studies (Sivadasan et al., 2004), are both daunting to grasp and betray the almost impossible task for any business to fully understand, let alone truly manage, their supply chains. One can say that much of business is not rocket science, but sometimes the management of global supply chains may be nearly as complicated as putting a man on the moon. What may be most remarkable is how inexpensive that cup of coffee (or t-shirt, or computer) is considering the potentially enormous supply chain factors that contributed to its delivery. It is no wonder that reasonable price tags on consumer goods is evidence that well managed supply chains function as a source of competitive advantage. Of at least equal importance is the fact that complexity affects the decision making process. As businesses try to grapple with increasingly intricate supply networks it may be likely that issues of logistics will override potential ethical concerns, at least for a while.

Global supply chains are a part of the wider world and, almost suddenly, the world is flat according to Friedman (2005). One of the ten forces that has led to this flattening, again according to Friedman, is what he calls supply-chaining. Ironically, supply chains may have helped to create the modern world, but they also have to adapt to it. Business has been global for quite some time now, but with the fast pace of
technological change, especially in communications, the world does not feel so big anymore. Supply chains, which have always crossed borders, are now increasingly crossing borders as well as great geographical distances. Globalization, that is the embracing of global thinking, global markets, and global actions, is now increasingly fundamental to building and managing supply chains. Consider the following observations on global supply chains from Mentzer (2004):

No matter which approach to globalization is pursued, firms are faced with the challenges of understanding and managing the complexities and risks inherent in the global environment. Global supply chain managers must develop capabilities that allow them to understand the complexities in the global environment, anticipate significant changes, and adapt to those changes as needed. Systems and processes must be designed to address important environmental variables, and organizational skills and capabilities must be developed to deal with different languages, cultures, and business environments. (p. 6)

Global supply chains require new capabilities, the ability to anticipate changes and needs, a great deal of adaptability, and often new processes.

It is not enough to merely buy from a global supplier, one has to become globally minded. The issue is whether or not a business can leverage a global supply chain for competitive advantage. Designing a supply chain that is capable of adapting and harnessing the qualities of globalization may even be a necessity for mere survival.
Faster, Cheaper, Just in Time

Supply Chain Variables

Global supply chains do not live in vacuums, nor are they merely logistical brain teasers for puzzle aficionados. The heart and soul of much of international business rests upon the day and night, year after year, constantly moving activities of myriads of people and systems. Those systems can affect billions of people. The global nature of the processes necessarily include the reality of the geo-political landscape. The decisions businesses must make when contemplating the implementation of a global supply chain include such things as the stability of governments, currency exchange rates, and cultural barriers. How then should a company proceed to determine if a global supply chain is going to be viable? According to Kogut (2003) international supply chain strategists must consider the comparative advantages of countries and the competitive advantages of firms. Two questions then follow: (a) Where should the value-added chain be broken across borders? (b) In what functional activities should a firm concentrate its resources?

The competitive advantages of firms within a supply chain are not fundamentally different than the competitive advantages of firms anywhere. Common factors, such as quality of product, cost, time of delivery, and quality of service are always critical differentiators. Analysis of firms, then, is guided toward the promise of generating
economic rents, or profitability in excess of the competitive norm. Therefore the term "value-added" applies to supply chain management as one seeks the value-creating capabilities of each firm along that chain (or within that supply network). Aaker (2005, p. 71) lists the kinds of primary and secondary value-creating activities one finds within firms:

Primary value activities:

1. Inbound logistics – material handling and warehousing
2. Operations – transforming inputs into the final product
3. Outbound logistics – order processing and distribution
4. Marketing and sales – communication, pricing, and channel management
5. Service – installation, repair, and parts

Secondary value activities:

1. Procurement – procedures and information systems
2. Technology development – improving the product and processes/systems
3. Human resource management – hiring, training, and compensation
4. Firm infrastructure – general management, finance, accounting, government relations, and quality management

These areas of capability, while critical for analyzing one's competitors, are also critical for evaluating one's actual and prospective suppliers. In effect, this list of value-creating activities is the foundation of any strengths and weaknesses market analysis of firms. However, a mere list of pros and cons, or strengths and weaknesses, without a strategic framework will not likely indicate where costs should be cut or which
products should be differentiated. A value-added chain concept provides the strategic representation for beginning supply chain decisions. The value of the chain is determined by the success of the links created between business goals and the capabilities of each link in the chain. According to Kogut (2003):

The estimation of contribution to market value is not straightforward, but such a calculation underlies any strategic plans that seek to generate economic rents. The determination of market value contribution leads to a mapping of the product attributes most strongly desired by consumers back upon the links of the value-added chain that generate this attribute. (p. 17)

Another way to understand value-added chain concept is by considering the cumulative value of each advantage provided by each firm in the chain in light of the desired attributes sought by the customer. In a complex decision environment the process could become a substantial undertaking, but those companies most successful with this process will likely be most successful at leveraging their supply chain's capabilities. The key here is not so much understanding the cumulative value, though that is critical, rather it is to understand the customer’s sought attributes. No amount of accumulated value means much if there is no buy.

Comparative advantages sought within international environments face different criteria than found in purely domestic environments. Broadly, there are two main categories of differentiation: (a) institutional and cultural factors, often seen as barriers to the easy transfer of competitive advantages; and (b) factor costs, such as wages and
material charges. These factors may be even more complex and differentiated than those regarding the various advantages of firms. Again Kogut (2003) argues:

These differences in macroeconomic variables greatly increase the risk associated with a firm's product-market and resource allocation decisions. The sheer number of variables reflects the most potent fact of international competition. That is, global competition brings together in multiple markets firms that differ widely in where they source and in their access to national markets. (p. 20)

Needless to say, the number of variables is not a fixed or static number. The global environment is in constant flux. For a business to be successful it may need to have the flexibility to adapt to extreme change.

Management and Measurement

A great amount of capital can be tied up in a global supply chain. At any given moment tremendous amounts of goods are moving through the world’s supply chains. Although a company can claim those goods as those assets, assets are problematic. Companies are burdened with the need to convert assets into revenues as efficiently and as quickly as is reasonable. According to Meredith and Shafer (2007):

Better supply chain performance will show up in a number of standard financial measures of a company's health. Lower inventories, normally considered an asset, will be reflected in less need for working capital (WC) and higher return on asset (ROA) ratio (since assets are reduced). And the lower cost to carry these
inventories (as well as other reduced costs in the supply chain) will be seen in a reduced *cost of goods sold* (CGS), and thus a higher *contribution margin*, *return on sales* (ROS), and *operation income*. (p. 275)

One of the great levers of business is the fact that financial performance improves as asset turnover increases. We find this lever in the Return on Equity (ROE) equation:

\[
\text{ROE} = \text{Profit margin} \times \text{Asset turnover} \times \text{Financial leverage}.
\]

There we have assets clearly as a key factor of the equation. However, when it comes to supply chains, efficiency is particularly critical, and that is measured with respect to assets. Calculating Return on Assets (ROA), which, unlike ROE, includes money from both owners and creditors, provides a basic ratio of the efficiency of a company and its ability to convert assets into income (thus ROA = Profit margin × Asset turnover = Net income/Assets). Combined, ROE and ROA provide a picture of why a company’s global supply chain can be a source of competitive advantage. The key is for that chain to convert assets into cash. Both ROE and ROA highlight the value of asset turnover and its direct relationship to profits. Inventories are assets waiting to be converted into real benefits for the company. Maybe the ideal scenario is a company that can produce income without any assets. Excessive inventories may be listed as assets on the balance sheet, but are in fact burdens. Managing global supply chains must solve the problem of inventory creep and surplus, while avoiding inventory shortfalls. Inventory turnover is another ratio for a company to understand the rate at which individual inventory items, on average for a given period, are sold. Another way to express inventory turnover is by how long, on average, does an item sit on the shelf before it is
move to the next step. That next step could be a sale to an end-user, or it could be the next step in the supply chain. Typically, the turnover ratio is expressed as cost of goods sold divided by the ending inventory and then presented as a ratio. The goal is to have the right amount of inventory at the right time, no more, no less; not sooner, not later.

Financial measurements are not the only measurements. Operations-oriented measurements are necessary to see how well a company is doing in terms of such key operations factors as inventory turns, defect rates, lead times, and productivity ratios. A key component of supply chains is inventory. A company may want to track the percentage of assets represented by inventories. Here the aggregate inventory value (at cost) on average for the year (AAIV) is a fundamental measurement. First calculate AAIV:

\[
\text{AAIV} = \text{raw materials} + \text{work-in-progress} + \text{finished goods}
\]

Then create the ratio using AAIV:

\[
\% \text{ Assets in Inventories} = \frac{\text{AAIV}}{\text{total assets}}
\]

By using the AAIV ratio calculation, a company can get an idea of whether the firm is inventory heavy or inventory light. The right ratio will depend on the capabilities and goals of the firm, on expectations for the industry, and on historical precedent.

AAIV can also be used for calculating inventory turns:

\[
\text{Inventory turns} = \frac{\text{annual cost of goods sold}}{\text{AAIV}}
\]

However, a company may want to know what proportion of the year's sales are being held in inventory for a given time period, typically weeks or days. The ratio is expressed thus:
Days of supply = AAIV/daily cost of goods sold

Some firms, such as those who rely on just-in-time manufacturing, may measure their supply in terms of hours, not days. Dell is an example of such a company.

According to Meredith and Shafer (2007) just-in-time (JIT) manufacturing was developed by Toyota in the 1960s as a way to manage inventory, improve efficiency, and reduce costs. JIT has proven itself in the substantial growth and profits of Toyota over the decades. Before JIT, supply chains were designed commonly around the push concept, that is, products are pushed through the chain by suppliers. The idea was to keep up supply to meet demand. Pushing products through the chain, however, often leads to huge production overruns and large inventories. JIT, however, is based on a pull concept, that is, products are produced at each step in the supply chain only when requested by the next step.

In an ideal scenario, pulling products through a supply chain can virtually reduce inventories to only those items in transit, for no item would ever be at rest. The true success of Toyota's JIT strategy came when JIT was expanded beyond the factory to the suppliers themselves, thus creating a total JIT environment both within each company and between each company.

There are issues with JIT. When production runs are tight, delivery of products are exact, and inventories are low, any glitch in the system can bring it to a halt. Logistics, therefore, plays a critical role in supply chain management, and especially in JIT supply chains. Logistics, simply defined, is "planning and controlling efficient,
effective flows of goods, services, and information from one point to another" (Mentzer, 2004, p. 277). But logistics is anything but simple.

Managing supply chain logistics and measuring supply chain performance are potentially daunting tasks, especially regarding global chains where complexity may increase exponentially. Financial measurement is unquestionably a key factor in managing supply chains, and a company's health can be tied to supply chain performance. No company should embark on a global strategy without understanding the financial implications all along the supply chain and how those implications will affect the balance sheet.

Companies will typically need less working capital with well-managed supply chains because of resulting lower inventories. Inventories, according to tradition, are considered assets, therefore, a company will likely see a higher return indicated by the asset ratio because of the reduced assets. Subsequently, the cost of carrying these inventories will decrease. Reduced inventory costs combined with reduced supply chain costs will impact the cost of goods sold and therefore lead to a higher contribution margin, higher return on sales, and increased operating income.

The Logistics Revolution

Humans have always imported and exported goods. For centuries humans have traveled to foreign lands, engaged in trade, and brought back goods for sale. Routes to and from markets were established, rules were developed, and wars were fought in the name of
trade. In the past the United States lead the world in producing and exporting manufactured goods. In 1983 (Table 1: U.S. Exports and Imports, U.S. Census Bureau, 2006) the U.S. trade balance for manufactured goods changed from positive to negative. Imports surpassed exports and the trend has not ever significantly reversed. What lies behind this trend, in no small part, is a shift in the way goods are produced and sold. Foreign manufacturing bases, once thought too remote to be effectively harnessed for making products for domestic needs on a large scale, have now become effectively less remote through vast improvements in logistics, especially regarding transportation and communication.
Table 1
source U.S. Census Bureau, 2006.

<table>
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<tr>
<th>Year</th>
<th>Total goods</th>
<th></th>
<th></th>
<th>Manufactured goods</th>
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<td>Imports</td>
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These improvements have lead to a revolution in supply chain management: the logistics revolution. The leading example of this revolution is Wal-Mart, but many companies have seen great benefits leveraging global manufacturing by adopting modern logistics techniques.

There are two sides, or interrelated definitions, of logistics. According to Bonacich and Hardie (2006):

[Logistics] on the one hand, refers to the nuts-and-bolts distribution functions that a firm must undertake, namely, transportation and warehousing, On the other hand, it can mean the management of the entire supply chain, including relations between retailers, their producers/suppliers, and their carriers/transportation providers. The latter meaning has become more important with the creation of flexible and dispersed production systems, including offshore production, requiring high levels of coordination to bring products to market in an accurate and timely fashion. (p. 164)

Wal-Mart, the company that "almost singlehandedly made the bar code ubiquitous by demanding 20 years ago that suppliers use it" (Boyle, 2003, p. 1), is a leader when it comes to applying both of these definitions to their business. Wal-Mart's capabilities are well known and are being copied by its competitors, and by companies in un-related industries.

Wal-Mart handles all its own shipping, including owning its own fleet of trucks. The company also has the largest privately owned communications network in the world, including its own satellite system. Bonacich and Hardie (2006) point to four key concepts
(pp. 171-172) that Wal-Mart implemented on its way to being the world's largest company:

(a) Wal-Mart enters a region by building a new distribution center (DC) in a central location, and opening a group of new stores around it. This enables the company to add new stores at little additional cost.

(b) The use of electronic data interchange (EDI) with suppliers cuts the transaction costs of ordering products and paying invoices, since these functions are handled electronically. In addition, Wal-Mart gains control over the scheduling and receiving of products, ensuring a steady and accurate flow of products to its stores.

(c) The big-box format, which includes retail stores that are large, boxy in design, and come with few frills, allows Wal-Mart to combine a store with a warehouse in a single facility. The big box holds large amounts of inventory, and saves on the shipment of goods from a warehouse to the store.

(d) "Everyday low prices," which is Wal-Mart’s corporate slogan, enables Wal-Mart to forecast sales more accurately and smooth out demand swings associated with special sales events.

Each of these concepts plays a significant role in the design and management of Wal-Mart's global supply chain. The hub-and-spoke model of surrounding DCs with satellite stores simplifies the delivery process for suppliers, as they only have to deliver their products to a DC rather than to every store. Wal-Mart can then better manage
inventories for each store within a territory, including making quick changes from store to store as demand fluctuates within a region.

EDI has many affects on supply chains, not least of which is the ability to more effectively manage the pulling of products through the chain for better JIT results. As a product is sold the inventory system instantly knows the current inventory status. When thresholds are reached the system can then order more product. When products arrive the system instantly knows the products are now available. Inventories can thus be managed quickly and with less human interaction. EDI also has a cost that suppliers must bear. This cost may limit the number of competing suppliers for Wal-Mart's business. The big-box model with combined warehouse and store in one building helps ensure that customers, the final link in the chain, have access to the products they demand.

Low prices are a competitive advantage of Wal-Mart, but it also has big effects back through the supply chain. Not only must the chain be as efficient as possible to reduce costs, but Wal-Mart is constantly seeking out the lowest cost providers throughout the supply chain. These kinds of pressures put burdens on suppliers, such as the makers of garments or farmer workers, to provide extremely low wages and virtually non-existent health benefits to their workers. On the other hand, in some case suppliers have improved their businesses' efficiencies because of Wal-Mart's demands.

If it is true that "[i]n each epoch a huge, successful, rapidly emulated enterprise embodies a new and innovative set of technological advances, organizational structures, and social relationships" (Lichtenstein, 2006, p. 4). Wal-Mart certainly fits that
assessment. No other company has ever done as much business or generated revenues at the level of Wal-Mart.

Corporate Responsibility

Wal-Mart may be the biggest company in the world, and therefore somewhat of a target for critics of globalization, but Wal-Mart is not the only company (not to mention consumers) benefiting from global supply chains and the labor within them. In recent years corporations with global supply chains have been keen to promote their own social responsibility and ethical behaviors with suppliers and workers. High profile issues, such as Nike using so-called sweatshop labor to produce expensive athletic shoes and apparel, have highlighted the need for companies to know what is going on within the remote regions of their supply chains, and to realize that apparently good business goals may have unintended consequences if not combined with strong ethical goals. But the traditional drivers and levers of business are powerful and may clash with ethical goals.

The modern free-market capitalist perspective of the corporation finds its biggest advocates within what is sometimes called the Chicago school of economics. Corporations, according to this school of thought, are tasked with maximizing profits only. Consider this famous perspective from the Nobel Prize winning economist, Milton Friedman (1962), a key member of that school:

The view has been gaining widespread acceptance that corporate officials and labor leaders have a social responsibility that goes beyond serving the interest of
their stock-holders or their members. This view shows a fundamental misconception of the character and nature of a free economy. In such an economy, there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. [...] Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. (p. 133)

This perspective, though only a perspective, has been popularly accepted as gospel by many business leaders. However, it is not the only perspective, and business leaders are human too. Greed may drive many to business, but other issues, like fairness, justice, compassion, are also present within the human heart. Outside pressures, such as brand boycotts and letter writing campaigns by activists, also have a way of helping companies see what they may have missed. And, sometimes, outside pressures may force a company to conform to certain actions to which it might not have otherwise conformed. Needless to say, companies would generally like to be viewed as having a positive impact on the world, even if only for the sake of not being a target for derision or sanctions.

The following six companies (Starbucks, HP, Cadbury Schweppes, Nike, Gap, and Wal-Mart) provide, via their web sites, their perspectives on supply chains and what is known as ethical sourcing. Each of these companies is a leader in its respective industry, and each promotes the idea that a strict neo-classical approach to corporate
responsibility is insufficient to the wider issue of a corporation interacting in the world.

What follows are direct quotations from each company’s web site.

Starbucks Inc.

Customers want to feel good about the place they go and the coffee they drink. Our employees, whom we call partners, want to feel proud when talking to friends and family about where they work. Farmers want to know that they can depend on us for a livelihood that’s sustainable. We have come to appreciate that throughout the world many people feel a sense of connection to us. Being their Starbucks is an honor. And also a responsibility. For us corporate social responsibility is not just a program or a donation or a press release. It’s the way we do business every day. (Starbucks, 2006, p. 2)

Hewlet-Packard

The global scope of Hewlet Packard’s (HP) supply chain and our value as a customer provide us the opportunity to impact the human rights, health, safety, environmental and ethical performance of the thousands of businesses worldwide that constitute our supply chain. HP spends approximately $50 billion annually to procure materials, components, manufacturing and distribution services for our
products. Our supply chain spans about 600 suppliers worldwide, with more than 300,000 workers at the supplier sites at which our products are made.

HP remains committed to being a positive force in the communities in which we operate and ask our partners to do the same. Investing in supply chain social and environmental responsibility (SER) meets stakeholder expectations, protects our reputation and decreases risks to HP from inadequate supplier standards. Although our industry has made considerable progress, we continue to face the challenge of achieving HP’s SER standards at each of our suppliers’ factories. (HP, 2006, p. 1)

Cadbury Schweppes

We buy directly from about 40,000 suppliers from around the world. Approximately half of our spend is on ingredients and packaging. We have two goals on sourcing: to maintain our ethical sourcing standards, and to develop sustainable sourcing programs for our agricultural raw materials.

We have developed a Strategic Sourcing Process to guide our procurement activities. This process takes into account cost, quality, safety, the nature and reliability of the source, environmental impacts and workplace practices. By having comprehensive, robust processes we can monitor our procurement activities closely and continuously improve them. (Cadbury Schweppes, 2006, p. 22)
Nike

Nike’s approach to labor conditions in our contract factories is evolving. We’ve evolved from a focus on our own Code of Conduct to advocating common standards across the industry. We’ve evolved from outsourcing labor monitoring to relying on a trained team of internal monitors and support for common monitoring platforms such as the Fair Labor Association. We are evolving from a focus on monitoring to a focus on capacity building. We are evolving from an exclusive focus on factory floor impact to an exploration of ways to help change the industry through transparency and multi-stakeholder collaborations.

These changes are driven by awareness that structural issues endemic to the global footwear, apparel and equipment industries affect an individual company’s ability to change conditions in any particular factory. This awareness is due to our monitoring processes, providing us with clearer data on issues; our analysis of root causes of non-compliance; and active listening and engagement in the broader dialogue with civil society, institutions and businesses around supply chain working conditions. (Nike, 2004, p. 15)
Today, factory monitoring remains a vital part of our strategy to improve working conditions in the garment industry. Our Vendor Compliance Officers (VCOs) visited 99.9 percent of the factories that we approved for production for all 12 months of fiscal year 2004. And they partnered with factory management to improve operating practices and take corrective action on thousands of violations of our published labor standards.

Over time, though, we’ve come to realize that monitoring is not enough. Factory inspections make it possible for us to identify problems and measure progress against goals. But ultimately, driving lasting, meaningful change across the industry as a whole requires a broader, more integrated approach. (Gap Inc., 2004, p. 8)

Wal-Mart’s Standards for Suppliers, which is our Code of Conduct, was established in 1992. Since then, we have been continually updating and evaluating changes to the Standards based on feedback from the ethical sourcing community. The Standards cover health and safety issues, environment, compensation, working hours, forced labor, underage labor, discrimination, compliance with applicable national laws and regulation, freedom of association and collective
bargaining, rights concerning foreign contract workers, and the right of audit by Wal-Mart.

Prior to contracting with any supplier, we require them to review and sign Wal-Mart’s Supplier Agreement, which refers to the Standards for Suppliers. In addition, it is mandatory that all suppliers display the Standards for Suppliers poster in all factories with which the supplier is affiliated. The factory management is required to sign that they have read and fully understand the Standards for Suppliers poster. They must place a copy of the poster in the relevant language in a public place within the factory. The Standards for Suppliers poster is available in 25 languages. (Wal-Mart, Inc., 2005, p. 8)

The intent here is to emphasize the fact that ethical concerns regarding global supply chains, or ethical sourcing, are taken seriously, or seriously implied, by notable global corporations. One question remains, however, and that is whether a focus on such issues and ethical sourcing should not still remain outside the scope of corporate responsibility. In other words, is Milton Friedman correct?

Conclusion

Global supply chains offer tremendous promise of flexibility and profits. However, they also bring with them significant complexities. Businesses must decide
how they want to leverage logistics, supply chain technologies, and key financial levers. They must also decide what kind of company they want to be in regards to the treatment of workers in those supply chains. A skeptic might look at the company statements above and assume it's just so much window dressing, that workers are not treated well, and that companies truly adhere to Freidman's position while merely creating a front of apparent social responsibility.

Given the number of high level corporate scandals of recent years, and those of past decades, a healthy skepticism might be a good thing. The next step is to take a closer look how workers have been treated in these supply chains. The proof, as they say, is in the pudding.
CHAPTER III

THE TREATMENT OF WOMEN WORKERS IN GLOBAL SUPPLY CHAINS

Women Workers in Global Supply Chains as a Topic

This chapter offers an examination of some of the kinds of effects global supply chains have on many of the workers in those chains. It is important to note that the realities of workers, female or otherwise, in global supply chains have been extensively documented. It is also important to note that many discussions of global supply chains do not focus on gender. Rather, common issues addressed in many discussions form around logistics and common business drivers. However, this chapter is not intended as an expose, rather the intent is merely to highlight a few key points.

The success of global supply chains, and what one might call the success of globalization, along with the triumph of modern capitalist economic theory, is based on many things. Often individuals can get caught in the crosshairs of supply and demand. While free trade has realized important gains, many workers still experience poor treatment and suffering.
Global supply chains rely on many laborers, from extracting raw materials from the earth, to harvesting crops, to sewing garments, to making toys. A high number of workers in global supply chains are women. Consequently, female labor has become one of the most critical factors in the success of global supply chains. Most global supply chain analyses have tended to exclude gender. Hale and Opondo (2005) argue:

This gender dimension is lacking in most supply chain research, which is hardly surprising since the focus is on company operations rather than interpersonal relations. When people are referred to, it is within categories such as manager, farmer, unskilled worker, government agent, all of which are gender neutral. However, it will be clear to anyone who has researched garment or fresh produce supply chains that whilst those in authority are men, the vast majority of low-skilled workers are women. (p. 303)

Thus, to tackle the topic of women workers in global supply chains is to focus largely on those at the very bottom of the labor pyramid, and consequently on those who are most likely to be exploited, who may often have the least chance of changing their own situation, and who may be least likely to have a voice.

Many in the western industrialized world might be surprised by how many women actually play a part in global labor. And yet, female labor has become the dominant category of labor for global markets. According to Athreya (2002):

Trade liberalization and the rise of export-oriented industries rely on female wage labor, particularly in manufacturing. The World Development Report estimates that women constitute 70-90% of workers in export processing zones (EPZs)
worldwide. In agricultural industries, women make up approximately 43% of the formally documented agricultural work force, according to the Food and Agriculture Organization (FAO). FAO studies note that when including informal participation in this sector, particularly in developing countries, women may produce well over half of the world’s food. In short, the world’s consumers rely on female labor. (p. 1)

The topic of female labor, and particularly of women workers in global supply chains, is thus a salient and critical topic, not least because of the numbers involved. It is also an important topic because these women are wives, mothers, daughters, sisters, grandmothers, friends, old and young, adults and children, and most of all, human beings.

Terms like “laborers” and “workers” are used throughout this thesis. It must be remembered that these words are merely labels that can too easily conceal and oversimplify the fact that these workers and laborers are unique individuals with needs and wants. They are also valuable persons apart from their ability to create goods for market.

Recent Stories

Several years ago Nike was in the news because of the treatment of workers in the factories that produced their shoes and clothing. The same situation was true for a number of companies. Even though numerous companies like Nike have made significant changes to their sourcing practices, such high-profile stories have not seemed
to dampen the poor treatment of workers in general. In June of 2007 Kohl’s pulled some of its popular Daisy Fuentes clothing line off its shelf when word got out about the poor treatment of the workers making the clothing. According to Marketwatch (2007):

Factory workers told a human rights group there that they work 60 hours or more a week, with overtime being mandatory, said Charles Kernaghan, NLC's director. He said they often work six to 10 hours of unpaid overtime a week, and the factory does not pay into the government's social security fund, leaving the workers and their dependents without health care or pensions. The women described working in hot factories with little access to drinking water, toilet paper or soap in bathrooms and being humiliated by management. (p. 1)

Similar stories can be found elsewhere. The BBC recently reported (BBC News, 2007) that according to a non-profit study:

Textile workers in Bangladesh get paid as little as five pence an hour to make cheap clothes for UK companies Tesco, Asda and Primark [.]. The mainly female workers regularly spend 80 hours per week in "potential death trap" factories[.]

(p. 1)

Related to such stories are the active attempts to stop individuals and groups from speaking out and protesting the poor treatment of workers. Amnesty International (2007) recently highlighted it concerns regarding the continuing harassment of defenders of women workers' rights in the garments export industry in Bangalore City in the southern Indian state of Karnataka, as well as associated campaigning activists based in the Netherlands. The
harassment has included the filing of apparently false criminal charges against them, aimed at curbing their freedom of expression. (p. 1)

In short, the topic at hand is a viable concern. However, it should be clear as well that the concerns raised are not merely around business structure and logistics, rather the concerns include human beings in the most fundamental sense, and possibly the very soul of business itself.

The Impact of Changing Business Models

Over and over again the poor treatment of women workers in global supply chains brings into sharp focus the inherent forces which produce undue suffering. Those forces include the very things that make global supply chains so powerful, forces such as falling prices that increase the drive for lower costs and faster delivery. According to one report about women workers in global supply chains (Raworth, 2004) particularly in garment manufacturing, women consistently get the short end of the stick. Even when factory inspections are conducted in order to improve working conditions, much of the information gathered is incorrect because workers often lie in order to keep their meager jobs. Raworth states:

Across countries, falling prices (for many garment producers, by 30 percent over three years) increase the pressure to cut costs; subcontracting to workshops with far worse conditions is a popular but hidden solution. And when buyers make no promise of future orders, their calls to improve labour standards ring hollow. No
wonder that many managers falsify records and intimidate workers to answer questions 'correctly'. (p. 7)

The same report goes on to say that the downward pressure placed on global supply chains by corporations to provide even cheaper goods faster produces a system where the benefits of globalization to the individual worker are undercut by the realities of the market:

> For many individual women, their jobs have brought economic independence, greater equality in the household, and personal empowerment. But the past 20 years have also witnessed the emergence of a new business model based on companies outsourcing production through global supply chains that demand low-cost and 'flexible' labour. In many countries, national labour laws have been weakened or not enforced to accommodate these demands. As a result, millions of women and men at the end of those supply chains are employed precariously[.]

(p. 17)

One can see how philosophical constructs regarding the nature of business can have significant impacts on the lives of apparently insignificant laborers in far corners of the world.

The question here is whether precarious employment or bad working conditions are a necessary evil for the eventual success (for all persons, presumably) of free markets, or whether a better system might be employed, or even a different goal set forth altogether. More precisely, for the purposes of this thesis, how then should a Christian approach such a question? Poor working conditions and tenuous employment may have
implications beyond specific factories, regions, companies, or even whole industries. One can go beyond the ethics of business owners to include the moral decisions made by consumers when making purchases, and one might even consider, as does Gould (2003), the socially bigger implications of potential planetary turmoil:

Globalization uses the cheap labour markets of the developing countries and the former Eastern Bloc by locating primary productions there. In a sense, purchasing, say, sweat-shop clothes and shoes, exploits workers wherever they are. Moreover, poverty has global impact in terms of: encouraging economic migration; breeding terrorism; and increasing environmental degradation[.](p. 344)

If Gould is correct then the implications are much broader than a cursory glance might reveal, and might just begin with a simple purchase, a banal choice. At the very least one can say the connections reach further than balance sheets and short-term cost benefit analyses.

The Realities of Women Workers in Global Supply Chains

When someone in the United States buys a shirt, or a cup of coffee, or some cut flowers, or fresh produce, it is likely that a woman was involved in the manufacturing or harvesting necessary for the creation and delivery of that product. And it is also likely that that woman lives in another country, maybe on the other side of the world, and works in comparatively harsh conditions for very little pay. Some companies may promote
ethical sourcing, and yet the realities for women workers can be particularly difficult.

Some of those difficulties stem directly from the power struggle between male bosses and female workers. As Athreya (2002) states:

Scenes of life in sweatshops have provided consumers with a graphic illustration of the problem: a work force that is overwhelmingly young, single, and female is pitted against a management that is overwhelmingly middle-aged and male. It is hard to see how the global trade rules have benefited women, when the vast majority of new jobs available to women are just sweatshop jobs. (p. 1)

This worker and management dynamic can create numerous problems for women, not least of which are discrepancies in pay and benefits. Athreya continues:

Women in developing countries generally receive lower pay than men for the same work, according to data from the International Labor Organization (ILO); at best, women average 50-80% of wages earned by their male counterparts. Female workers do not enjoy the same benefits as male workers, since women are more often relegated to contract work without any social welfare benefits, and they are the first to be laid off in times of economic difficulty. Women are also less likely to be given opportunities for training or promotions. (p. 1)

Raworth (2004) highlights similar findings:

Minimum wage levels in many countries are scarcely more than poverty wages – set by what the market will pay, not what families need. As a result, women often cannot earn enough in a basic week’s work. In Honduras, garment workers earn above the minimum wage, but the government’s own calculations
show that the minimum covers only 33 per cent of a family’s basic needs. In Bangladesh, 98 per cent of garment workers interviewed were paid at least the minimum wage – but its level was set in 1994, and the price of basic foods has more than doubled since then. Allowing for inflation, one women in three is effectively earning below the minimum. (p. 22)

These kinds of discrepancies not only create difficulties for individual women workers to get ahead, which is supposedly one of the promises of free markets, but they also make it difficult just to get by. More than that, such discrepancies speak of how those in positions of power can use their power to create gains for themselves at the expense of others.

Naturally, there is great pressure to pay low wages. Wages are a big part of any business. Companies, even those that may desire to pay better than average wages, must face the strident and constant threat of competition. Businesses may face paying low wages or go out of business. A company that stays in business can, at least, provide some form of wage labor. But there is also the fundamental incentive that those who can get the most and give away the least become the wealthiest. Human nature tells us that the possibility of riches is a powerful motivator. The Bible tells that the love of money is at the root of many decisions.

Low pay is one aspect, long hours and pressure to work faster are others. Having existing workers work longer hours requires fewer workers, thus reducing additional administrative and training costs. But there are limits. Athrey states (2002):

The litany of routine abuses suffered by women workers worldwide in the light manufacturing industries has been well-documented. They are forced to work
long hours for wages that often do not even meet the minimum guaranteed by local law. For instance, workweeks of 60 to 80 hours are routine in China and many parts of Southeast Asia, according to reports by the National Labor Committee, Clean Clothes Campaign, and others. The Maquila Health and Safety Support Network reports that women workers worldwide are routinely exposed to extremely unsafe working conditions, resulting in illness, loss of limbs, and even loss of lives. (p. 1)

Raworth (2004), again, has similar findings:

Workers in every country studied reported extreme pressure to work harder, faster, and longer. An array of targets, incentives, and penalties are used to raise workers’ productivity. Piece-rate pay – a fixed amount paid for each piece of clothing stitched, or each kilogram of grapes picked – is increasingly common. In Chile, one in three fruit pickers and packers paid by piece-rate earned the minimum wage or less. And they put in extraordinary hours to make it, facing an average workweek of 63 hours, sometimes up to 18 hours a day. In the UK, manufacturers provide homeworkers with assembly kits that they say will take 14 hours to complete – but homeworkers report that they actually take 40. And they can legally be paid only 80 per cent of the minimum wage to do it. (p. 22)

The problem with piece-rate pay is the false concept that if an employee wants a raise then she can give herself one by merely working harder and producing more. That concept is neither a true raise, nor is it feasible if the employee is already at her limit of productivity.
A worker that can work longer hours allows a company to gain the benefit of additional labor without the overhead of additional training and management. If a company can avoid paying that employee premium wages for overtime work, then that company gains even more margin over those companies that abide by labor laws.

Regardless of laws, which would seem to be largely unenforced, workers are frequently required to work overtime. If they refuse they lose their jobs. The demand to work overtime often comes at short notice as well. According to their own study, Hale and Opondo (2005) state:

Compulsory overtime, particularly when not compensated, was also ranked as one of the key concerns. The study confirmed that overtime is often both compulsory as well as excessive, and that compensation is variable. Workers have no regular working hours, and are forced to do overtime by a simple announcement of extension of the day’s work. (p. 311)

This idea of extended working hours demanded on short notice, and with limited pay, is confirmed elsewhere. As stated by Raworth (2004):

Overtime is voluntary by law, but for many women workers it is a condition of employment and imposed at short notice. In China, overtime is legally limited to 36 hours per month, but in Guangdong province the vast majority of workers surveyed across seven factories faced more than 150 extra hours each month. One “workers’ handbook” in Shenzhen stipulated that “When workers cannot do overtime they have to apply to the supervisors for a written exemption from overtime. Some factory managers compel workers to put in long hours by setting
basic wages at a low level. By law in most countries, overtime hours should be paid at a premium – but in reality, workers are often robbed of their rightful overtime earnings. (p. 23)

These kinds of practices effectively provide the benefit of additional labor without the additional costs of hiring more employees. It is a win for the employer and a loss for the employee. The loss for the employee can also extend to family as well as the broader culture.

One might expect in a situation of male management and female workers that pressures will be placed on those women specific to their gender. These pressures can include outright sexual harassment and challenges related to maternity. According to the Hale and Opondo (2005) report on the Kenyan and United Kingdom cut flower supply chain:

Sexual harassment that was reported on all the farms is a major problem facing female workers. Supervisors ask for sexual favours in exchange for employment, time off, promotion and bonuses. Most of those who give in do so against their will, aptly described by one worker as “forced love”. The persistence of sexual harassment, in spite of management intentions, is related to the hierarchical employment structure of companies, coupled with the lack of senior female staff. (p. 310)

No human being should be placed in such a situation. The report continues:

[A]nxiety about becoming pregnant or informing their employers is widespread, particularly among those in non-permanent positions. According to one worker,
when a woman displays symptoms of pregnancy (e.g. vomiting), she is monitored closely and “All eyes are focused on her like a telescope.” The majority of seasonal workers and casual workers claimed that not only are they excluded from maternity leave entitlements but they are also more likely to lose their jobs in case of pregnancy. Typically, pregnant women are not given another contract when their current one ends and are the first to be dismissed when employment levels are reduced. As a result, abortions are common. According to a group of casual females packhouse workers “Many female workers have had abortions, even at eight months, to avoid the risk of being sacked” (Dolan, Opondo & Smith, 2003, p. 310)

To choose between the life of one's child and one's livelihood is the worst kind of decision to face.

One of the most interesting stories of late is a report of worker abuse related to the creation of religious objects, such as crucifixes, sold by mainline Christian organizations in the United States. According to the National Labor Committee (2007), crucifixes and other religious artifacts sold at Saint Patrick's Cathedral, Trinity Church, and by the Association of Christian Retail, have been traced back to manufacturing conditions in China that would, or should, appall the sensibilities of most Christians. In the report the authors show that the demands placed on the workers, the wages they are paid, and the conditions in which they live, are all grossly below standard according to international standards, and even China's own standards. The list of abuses reads much like the others
cited in this document. The fact that the products are specifically Christian in nature simply emphasizes the pervasiveness of the issue.

The list of news stories, reports, and exposés about globalization and the treatment of workers is extensive. The brief overview presented here merely highlights some key features. These features include (a) an imbalance of power and position along gender lines, (b) low pay and poor or nonexistent benefits, (c) long hours with often uncompensated overtime, (d) sexual harassment, and (e) humiliating working conditions, to name just a few. One would hope that the logic of supply and demand would solve these issues. One would hope that in a free market companies would see the human worth of each individual and treat them accordingly. The evidence suggests otherwise. The broader question is where will a solution be found? Can it be expected that the common business goals which drive global supply chains will also lead to the proper treatment of workers, regardless of where or who they are? More specifically to this thesis, and for the individual Christian business person, who seeks to live out his or her Christian faith in the context of doing business, what kind of approach can meet the needs of business and the requirements of righteousness?
CHAPTER IV

SEEKING A SOLUTION: THE CHRISTIAN'S BUSINESS

The Great Tension

There is a great tension between the obvious ethical challenges posed by the treatment of workers in global supply chains and the inherent requirements of markets in which those supply chains function. This thesis began with the question: Is seeking to love one's neighbor as oneself, which Jesus taught as the second part of his great commandment the best foundation upon which to create a context whereby workers are universally respected and treated fairly in this increasingly globalized world? That question was explored from a couple key angles, namely that of the needs of global supply chains and the realities of the treatment of female workers in those supply chains.

In Chapter Two some of the key elements of global supply chains were described. These elements can add up to significant competitive advantages. Some companies, such as Wal-Mart, have honed their supply chains to a kind of perfection, and so lead the world and reap huge profits. On the other hand, Chapter Three presented a harsh reality of worker exploitation that challenges the free market approach to global supply chains. Many workers, and in this case women workers, are harshly treated and lack many basic human rights, in large part because of the pressures placed on them by market forces and
the requirements of capitalism. In this chapter the goal is to examine how a Christian business person might approach the commandment to love one's neighbor as oneself in light of that tension.

It was argued earlier that the drive to reduce costs and increase profits, a natural motivation of free markets, is at least one culprit in the plight of these workers. The two facts, that of the standards required for free-market capitalism and the reality of working conditions, create a great tension between people and profits. In Chapter One the question was asked how a Christian business person should approach sorting through this tension by finding a solution that meets the needs of doing business while conforming to the fundamentals of her faith. The practical difficulty of such decisions is exacerbated by the historical and philosophical separation of the secular and the sacred. This separation, which will be explored in this chapter, creates a dilemma for the Christian in society.

In this chapter the goal is twofold: (a) highlight the dilemma of doing business and of having faith in light of the the tension of capitalism and workers in supply chains, including what ideas exacerbate that dilemma; and (b) explore what some individuals have proposed as solutions to that dilemma.

The Dilemma

There is no convenient escape for the Christian business person in sorting through the tension of business requirements, the treatment of workers in global supply chains, for this tension takes place within a global economic system. An economic system, such
as capitalism, is far more than merely a way of organizing a system of exchange.


[E]conomics is about human well-being, about who eats and who does not, who
has clothes and shelter and who does not, who had the basics for a decent life and
who does not. Economics is about life and death, as well as the quality of life.
Economics is not just about money, but about sharing scarce resources among all
who need them. (p. 120)

Any system of business functions within a given economic system. Thus, every business
decision is made, no matter how small, within a context that assumes perspectives about
the well being of others. Business is not neutral.

The Christian, who is commanded to love others, is required by definition to
respond. Offering a response consistent with one's religious beliefs may not always be
easy, in part because of the pressures of the society in which one lives. Again, McFague
(2002) states:

[C]hristians do not openly support “Blessed are the greedy.” Nonetheless, that is
the way most us live. Why? Quite simply, because we are members of a society,
now a worldwide one, that accepts, almost without question, an economic theory
that supports insatiable greed on the part of individuals. This theory lies behind
present-day market capitalism[.] (p. 120)
If this is true then the Christian, along with most others, is immersed in a social plausibility structure that subverts basic Christian principles. Making Christian decisions and choices within that context may require a stepping back, as it were, and reassessing the context.

The context, though complex, includes economic assumptions such as the concept of the invisible hand theorized by Adam Smith. That is, invisible forces ultimately bring about good for all. Market capitalism, and its entrenched status in Western societies, as well as its broad acceptance on both Christians and non-Christians, is a critical element underlying the Christian business person's dilemma. Capitalism is a part of the the worldview uncritically held by many, but should it be? According to Holmes (1983):

A capitalist economy cannot ensure justice if free enterprise becomes unqualified self-interest. Competing self-interests do not automatically balance each other out as Adam Smith supposed, for competition is the exercise of power and power without an ethic of power spells disaster. The Christian should know that laws alone, even economic laws, are not enough to make people just. (p. 217)

If economic laws are not enough to make people just, then a business person must look beyond those laws to something else. But a problem arises when the answer might be religious in a world that has drawn lines between the world of facts and the world of values, or between the verifiable and the believed, or between the secular and the sacred. These divisions are the result of the secular revolution.
Ramifications of the Secular Revolution

The secular revolution and its ramifications, though not always in the forefront of Christian thinking about business, has had a profound impact on the way almost all people in Western civilization think about most things. The secular revolution was, in brief, the slow and radical transition from a single-truth to a double-truth world where religious truth and non-religious truth were viewed and separate. According to Tarnas (1991):

Religion was increasingly compartmentalized, seen as relevant less to the outer world than to the inner self, less to the contemporary spirit than to revered tradition, less to this life than to the afterlife, less to everyday than to Sunday.

(p. 302)

In other words, through particular periods such as the Scientific Revolution and the Enlightenment, there developed a split between two apparently different kinds of knowledge. These two kinds of knowledge can be called value (socially constructed meanings) and fact (publicly verifiable truth). In other words, there is the world of faith, of religion, of one's personal beliefs, of one's own values, of what is called the private sphere. Then there is the world of hard facts, of reason, of science, of commerce, of what is called the public sphere. Again, Tarnas (1991) states:

Reason and faith came to be seen as pertaining to different realms, with Christian philosophers and scientists, and the larger educated Christian public, perceiving no genuine integration between the scientific reality and the religious reality.
Joined together in the high Middle Ages by the Scholastics culminating in Aquinas, then severed in the late medieval period by Ockham and nominalism, faith had moved in one direction with the Reformation, Luther, literal Scripture, fundamentalist Protestantism and Counter-Reformation Catholicism, while reason had empirical science, rational philosophy, and the enlightenment. Attempts to bridge the two generally failed to preserve the character of one or the other, as in Kant's delimiting of religious experience to the moral impulse. (p. 302)

In short, the roots are deeply and historically embedded when it comes to the key underlying presuppositions of secularism. According to the sacred/secular split, one's religious beliefs, though personally valuable, have no place in the public sphere, including business.

What then does this mean for our business person trying to sort out how to approach ethical decisions? The assumption in the world of facts and reason may be that decisions should be value free, or amoral. However, an apparently value-free decision making process may not produce the kinds of results desired by a Christian. In fact, a value-free argument may merely be an excuse to justify decisions that would otherwise trigger moral concerns. According to Holmes (1983) “problems arise when an amoral mentality takes over, implying that utilitarian considerations must overrule other values. Profit, productivity, efficiency, or corporate growth can easily become not just an important factor but the overriding goal to be considered” (p. 214). Of course, if profit and corporate growth is one's highest goal then amoral decision making is not, on the surface at least, a moral dilemma. This is the perspective of Milton Friedman when he
argues against Corporate Social Responsibility. But Friedman's perspective, which is commonly held, and which may lead to great profits, may also be a harbinger of ethical problems for the Christian business person.

Although many would claim to be Christians, it is still possible that many of those would accept uncritically the prevalent worldview. If so, then many Christians might hold conflicting positions without realizing the conflict. But unrestrained secular capitalism challenges Christian beliefs. Again, according to Holmes (1983):

The earlier work ethic lost its religious roots in the secularization of economics, and utilitarianism prevailed. Vast industrial empires exploited labor, devoured natural resources, polluted the environment, and determined the destiny of millions who toiled out of necessity in dehumanizing ways. The supposed rule of reason had produced a nightmare. (p. 214)

It would appear, then, that the Christian business person will only turn away from these ethical problems, and assume the modern business presuppositions and their expectations, to the detriment of her own faith. At some point, at least, the secular and the sacred bleed into each other. For the Christian there is no amoral sphere, for there is no facet of reality apart from God.

In summary, the dilemma for the Christian business person is trying to sort through the tension of business and ethics in light of powerful historical perspectives and assumption about truth and its locations. The Christian is immersed in the sacred/secular split life a fish in water. The first step for the Christian business person is to recognized this fact. The next step is asking the question concerning what then should a Christian
business person do in light of that immersion? How might such a person approach the issue?

**Seeking a Solution**

It may make the most sense for the Christian to approach business and business ethics, especially in light of the historical context, by first looking at God's relationship to human beings and to truth rather than starting with business particulars. What this means is that finding an answer, or a set of answers, will come from tackling the issue of the secular/sacred split before tackling the specific ethical issues of global supply chains. The secular/sacred split asks whether it is important to consider God in all aspects of life, or only in some. It is assumed here that the secular/sacred split is a false split and that the Christian business person is required to consider Christian teaching as relevant to all of life, including business. But for many business persons such a consideration might be a radical change in direction.

To consider Christian teaching and apply it to life is to “think Christianly,” as Pearcey (2004) puts it:

“Thinking Christianly” means understanding that Christianity gives the truth about the whole of reality, a perspective for interpreting every subject matter. Genesis tells us that God spoke the entire universe into being with His Word—what John 1:1 calls the *Logos*. The Greek word means not only Word but also reason or rationality, and the ancient Stoics used it to mean the rational
structure of the universe. Thus the underlying structure of the entire universe reflects the mind of the Creator. As a result, all creation must be interpreted in light of its relationship to God. In any subject area we study, we are discovering the laws or creation ordinances by which God structured the world. (p. 35)

If all of creation is to be interpreted as such, then that must include how one approaches so-called business ethics regardless of the situation. The burden, then, is not on the Christian to make the case that Christianity is relevant to business, but for business to makes the case of irrelevance.

What then should the attitude of the Christian business person be? Work is often seen as an evil necessity, a way to merely pay the bills and to make a something like a living. Work is also often seen as an arena for human desires to play themselves out in the worst possible way. However, work is something created by God in the eyes of the Christian. As Pearcey (2004) says:

Work is a calling from God, but in American corporate culture it is often an addiction—a frenzied scramble for a higher rung on the corporate ladder, a bigger salary, a more impressive résumé. In every area of life, we need to distinguish between the way God originally created the world, and the way it has been deformed and defaced by sin. (p. 85)

Thus the Christian business person can dive into ethical problems with confidence that work itself is good and sin is the biggest culprit.

Where might, then, ethical decisions come from? What is the source of the ethic? According to Hill (1997):
Behavior consistent with God's character is ethical—that which is not is unethical. This approach is quite different from human-based ethical systems, which generally focus on either egoism (promotion of individual pleasure via material goods or career success), utilitarianism (the option that best maximizes pleasure and minimizes pain for all involved), or deontological reasoning (the keeping of moral rules such as “Don't harm others”). (p. 14)

The problem is how does one determine God's character in post-modern, pluralistic ethos that has affected Christianity as well as the rest of society? And then, of course, how does one apply God's character to the tangible realities of running a business? At least the value of egoism, utilitarianism, and deontological reasoning provide relatively applicable perspectives. The answer might come from starting with the one fundamental requirement of any human system of exchange, that is, with relationships.

Ethical Decisions are Relationship Decisions

Business is between people. Without people there would be no business. Maybe some chimpanzees somewhere barter with each other, but when it comes to creating complex systems of exchange, of economies, of laws and regulations that govern those systems, of basic goods and services, and all that we call doing business, this is solely the world of human beings. This world then, the world of doing business, is about human activity in relation to other human beings, and therefore is fundamentally about human relationships. It follows, then, that a fundamental aspect of a global supply chain is,
because it is also a part of doing business, human relationships. For the Christian, starting with relationships rather than profits may be the best place to begin for coming to terms with ethical decisions regarding global supply chains.

The idea of starting with relationships may come off as touchy-feely to some. A focus on the balance sheet might seem easier, more cut and dried, especially when it comes to making tough business decisions, like laying off employees, or closing a plant, or dropping a long-time supplier for a lower bidder. But the balance sheet does not negate the fact that business is much more than the bottom line. And, as we have seen, balance sheets are shorthand for a myriad of more tangible factors, most profoundly human beings. For the Christian, then, business, with its balance sheets and cash flow statements, is an opportunity to live out one's faith. Holmes (1983) states:

We are relational beings this is where job satisfaction is found, in how work relates us creatively to nature and its resources, to other people and their quality of life, to ourselves and to our own capabilities, and ultimately to God. Whether the job itself is creative or routine, it provides the occasion to work imaginatively at serving other people, at improving the quality of life, at developing constructive social relationships, and at serving God. (p. 216)

What this perspective does, then, is draw the Christian business person back to his or her relationship with God, and then to their relationship with others, much like the two greatest commandments to love God and to love others.

While love may be considered a good thing in personal life, many might say that it is too soft for the harsh realities of business. Doing business, it is believed, is about
competition and winning, not a place for love. But without love, without seeking the benefit of others in relationship, business becomes the harsh reality as a foregone conclusion. Hill (1997) argues:

While it may be tempting to define love as a “soft” virtue, concluding that it has no place in the rough-and-tumble of the marketplace, we need only note that business history is littered with companies ruined by fractured relationships. It is no exaggeration to observe that successful commercial ventures depend more on cooperation that competition. Without a solid relational foundation, no group effort can succeed in the long term. Partners must get along, supervisors must engender loyalty among their subordinates, and suppliers and distributors must be brought into a supportive network. Love provides the relational framework in which such cooperation flourishes. Without it, our sinful tendency to exploit each other takes over and group endeavors die. (p. 48)

In a global economy one can stretch the concept of the group very wide, even to include suppliers on the other side of the globe. There is no reason to think that the idea of love does not stretch that far.

The Works of Love

To make loving your neighbor the basis upon which one does business is an excellent place to begin, but it is rather vague when it comes to the details. However, that vagueness may be its strength. Kierkegaard (1962) has said about loving one's neighbor:
But Christianity never suffers a man to go in vain, not even a single step, for when you open the door which you shut in order to pray to God, the first person you meet as you go out is your neighbor whom you shall love. (p. 64)

In other words, the purview of the Christian's love includes everyone. This broad perspective at least does away with speculation of who shall be loved. By being all inclusive the commandment provides a natural fairness; the employee shall be loved, the contractor shall be loved, the vendor shall be loved, the manager shall be loved, and ironically, the competitor shall be loved. Kierkegaard (1946) also anticipates ones objection by stating in his journals:

To the Christian love is the works of love. To say that love is a feeling or anything of the kind is an unchristian conception of love. Christ's love was not an inner feeling, a full heart and what not, it was the works of love which was his life. (p. 281)

To love one's neighbor, then, is work, it is action, it is doing something for the other person. Caring about workers in global supply chains is very good, but to love them is to take action of some kind.

By taking action one demonstrates who is the neighbor, that is, oneself. This is part of the mystery and power of loving one's neighbor. Kierkegaard (1962) turns the typical idea of searching for one's neighbor on it's head by arguing that by loving others one demonstrates oneself to be the neighbor one was looking for:

[B]y recognizing your duty you easily discover who your neighbor is. He towards whom I have a duty I prove that I am a neighbor. Christ does not speak about
recognizing one's neighbor but about being a neighbor oneself, about proving oneself to be a neighbor. (p. 38)

So then, how does the Christian business person do the work of love? How does one be a neighbor as a business person in a global economy? What might it look like in practice?

The great strength of loving one's neighbor, and thus proving oneself to be the neighbor, is that what one does, or what one can possibly do, is almost infinite. Ensuring that people are treated well by way of regulations, rules, and even principles does not solve the problem of the human heart. The Christian knows that the nature of business would be radically different if sin were erased from the process.

Servant-Leadership, Fair Trade, and Corporate Social Responsibility

Although to love one's neighbor is both a Christian commandment and a good place to start, the Christian business person will likely choose specific kinds of actions to do the works of love. The Christian business person might consider three possibilities, that of applying servant-leadership throughout the organization, to seek positive fair trade practices, and to live out corporate social responsibility. These are certainly not the only possibilities, but they offer a beginning.

Being a servant-leader is not to be weak. But it may not lead to all the common business goals. Servant-leadership may not lead to crushing one's opponents, nor will it accept a ruthless survival of the fittest mentality. Servant-leadership, however, may lead
to stronger relationships, better sharing of information, deeper commitments, and more predictable survivability in rough times. Servant-leadership may also provide a mental framework with which a Christian business person might seek to love others, including those working in global supply chains. According to Spears (1995), servant leadership has ten characteristics: (a) listening, (b) empathy, (c) healing, (d) awareness, (e) persuasion, (f) conceptualization, (g) foresight, (h) stewardship, (i) commitment to the growth of people, and (j) building community. Several of these characteristics, maybe most, could apply to seeking ways of loving even those thousands of miles away. Spears says, “Servant-leadership emphasizes increased service to others, a holistic approach to work, a sense of community, and shared decision-making power” (p. 3). Certainly Jesus was the exemplary servant-leader.

The apparent problem with servant leadership is it inherent contradiction. A leader is often called on to be demanding, to expect others to do hard work, and to even be charismatic. Being a servant is about being humble, about putting other's needs before one's own. If misunderstood and misapplied the concept could backfire.

Fair trade is a concept that has been gaining ground both as an idea and as a praxis. Many have written on the subject. Here is what Christian writer and apologist Jim Wallis (2005) has said:

Until now, the definition of free trade preferred by the world's largest corporation has paid little or no attention to worker's rights, environmental threats, and political oppression. Within developed countries, there are rules that companies must abide by. In the United States, for example, you can't legally dump our
sewage into rivers, foul the air, or produce your goods in exploitative sweatshops.

There are rules. How do we construct fair rules for a global economy? (p. 279)

Wallis continues:

*Fair* trade or trade justice, rather than mere free trade, is the objective. Achieving this requires fundamentally changing the underlying principles of the world trading system so that they also benefit poor countries and people, not just the wealthiest. (p. 280)

The problem with fair trade is its potential disconnect with personal action. In other words, fair trade is more about having trade policies solve the problem rather than requiring real personal commitment from the individual. On the other hand, a Christian business person may decide to buy only from fair trade suppliers, thus aligning at least some of the balance sheet with a higher ethical content.

Corporate social responsibility is a concept by which corporations are allowed to pursue profits, but must also adhere to a broader view that incorporates the whole of society and the welfare of others. This goal of including the welfare of others in business decisions would appear to align with basic Christian goal of loving one's neighbor. By way of a definition, Davis (as cited in Shaw & Barry, 2004) states:

Social responsibility implies that a business decision maker in the process of serving his own business interests is obliged to take actions that also protect and enhance society's interests. The net effect is to improve the quality of life in the broadest possible way, however quality of life is defined by society. In this manner, harmony is achieved between business's actions and the larger social
system. The businessman becomes concerned with social as well as economic outputs and with the total effect of his institutional actions on society. (p 213)

Thus, corporate social responsibility offers a holistic perspective that seeks benefits for all involved, which includes the stakeholders rather than merely the shareholders. Similar to fair trade, however, corporate social responsibility can also become something a company will write into its operating procedures, but may not become something that the individual employee embraces. It is potentially a way for the individual to get off the hook, as it were, from taking personal responsibility by letting a corporate entity assume that responsibility. However, to choose corporate social responsibility as an operating philosophy, a company might begin to sort through the apparently infinite number of possibilities for doing good.

Each of these perspectives has it strengths. Each provides a kind of ethical framework with which a business person can examine her own business and her own goals and then develop meaningful actions that conform to Jesus' commandment to love one's neighbor. And yet, it is likely that no one approach is complete. The best position to take may be to begin always with love and then tenaciously seek the best application for the given context.

Summary

This thesis began with a suspicion regarding whether common business goals, which drive global supply chains, will also lead to the proper treatment of workers in
those supply chains. The nature of global supply chains were examined, including such factors as low cost and efficiency drivers. Then the poor treatment of many women workers in global supply chains was examined. Another, even greater question was asked: How should a Christian business person approach both the need for low cost and efficient supply chains to run her business and the need to conform to the teachings of Jesus? Where does one begin to find a solution to the dilemma of doing good business and being a good person?

There is no easy answer. The needs of business are great and fundamental. The requirements of Christian faith are greater still. To run one's business poorly, or with the wrong focus, can become a detriment to one's employees and even oneself. To ignore how one's business affects many others beyond the immediate purview of the business is to ignore the commandment to love one's neighbor. It is the contention of this thesis that to love is the beginning point and the business decisions that follow will be difficult, but worth the effort. There is no silver bullet. To run a business is to live life, and, according to the Christian, living life as one should has always been a challenge and will always be a challenge this side of God's kingdom.

Further Study

The topic at hand touches many areas of business and faith. Further study might include how doing business, that is the work of business, is just as much a part of working out one's faith as any other activity for the Christian. If this is true, then a key
area of study would have to do with limits. At what point does one need, or should one, draw the line when it comes to faith and business? Is that possible? What are the downsides to working out one's faith with fear and trembling in the context of running a competitive business? These are all questions related to the idea that a Christian business person has many responsibilities, not least of which include providing labor opportunities for her employees.

Other areas of study might include how does a Christian business person effectively build bridges to other businesses, cultures, and faiths in order to more effectively fulfill the commandment to love one's neighbor. This may be the most important area of study. And, of course, building bridges is another way for the Christian to begin to fulfill another commission, that of taking the Gospel to the world.

The role of leadership, and its relationship to the topic of this thesis, may be the most significant area of further study. For the business leader to create effective change both within and without her organization is difficult. To do so with regards to global supply chains is probably daunting. The concept of servant-leadership has already been touched on. Another leadership concept may prove profitable, that is, Theory R. According to Alderson and McDonnell (1994) Theory R is about putting people first and seeking good relationships. They state:

Whether one is a garbage collector or a corporate executive, the person deserves to be treated with dignity. The job is vital. It contributes to the welfare of all. It is a contribution that is welcome. And while it does not define the whole of that
person, it does speak a great deal of that person as one who is working, producing, giving, and relating to the whole of our society. (p. 78)

It may be that a focus on how vital a role the labor is in global supply chains, and the inherent dignity of the laborers, is one way to a solution. Certainly, both Theory R and servant-leadership see the role of the leader as a key piece in moving organizations forward in terms of their ethics.
REFERENCES


