The Grey Side of Procurement:

Identifying and Addressing Questionable Purchasing

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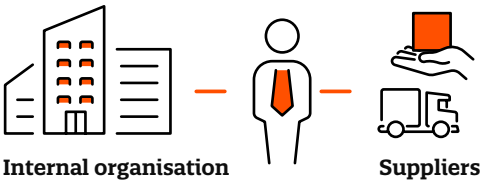
Core Definitions

Ethical Behavior
Ethical behavior is behavior consistent with professional norms.

Unethical Purchase Behaviors
Unethical purchase behaviors are behaviors that violate the generally accepted societal moral norms related to the procurement process.

The Role of the Procurement Professional

Boundary Spanning: Procurement professionals function as boundary spanners with suppliers.



High-Risk Vulnerability

The supplier selection phase is particularly high-risk and vulnerable to unethical behavior.



Identifying Practices & Perceptions

Prevalent Questionable Practices

Prioritizing Preferred Suppliers
Research highlights the prevalence of prioritizing a supplier preferred by senior management.

Influenced Purchasing Decisions
Allowing purchasing decisions to be influenced by the personality of and/or the personal relationship with a supplier representative is a prevalent practice.

Information Asymmetry
Providing one or more suppliers with more or better information relative to other suppliers is frequently observed.

Financial and Communication
Questionable practices include delaying contractual payments to a supplier and making disparaging remarks about a supplier.

Perceptions of Unethicality

Personal Financial Gain
Practices viewed as highly unethical include accepting personal financial gain and using business information a supplier for personal financial gain.

Non-Transparent Evaluation
Inconsistently or not transparently scoring suppliers on selection criteria is perceived as highly unethical.

Negotiation and Contractual Misconduct
Intentionally sharing incomplete or substantiated information during negotiations and using ambiguous contract terms to gain an advantage are viewed as highly unethical.

Misuse of Purchasing Power
Using purchasing power to obtain unsustainable commitments is also perceived as unethical.

Factors Influencing Involvement

Gender and Experience
Involvement is lower for women than for men, and work experience has a restraining effect on questionable practices.

Institutional Influences
Involvement in questionable practices is affected by perceived levels of public sector corruption and the applicability of government procurement agreements.

Managerial Strategies for Ethical Procurement

Standards of Conduct
Promote ethical behavior using codes of conduct.

Behavioral Training
Utilize behavioral simulations to provide a practice stage for ethical decisionmaking.

Moral Deliberation
Use moral case deliberation to handle ethical concerns and conflicts.

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