

## **Inter-Organisational Relations and the Justice Climate**

### **in the UK Food Supply Chain:**

#### **Exploring the Justice Climate and the Prediction of Workplace Outcomes**

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**Abstract:** Intra-Organisational (*within organisations*) studies show just treatment predicts work outcomes – such as improved performance, satisfaction with ones supervisor / organisation, trust and less conflict – these can be at the individual, unit or organisational level (see Rupp et al, 2007).

Justice is also important to Inter-Organisational (*between organisations*) relationships, as fair treatment has beneficial outcomes - interpersonal trust, inter-organisational attachment, satisfaction, limited conflict – whilst unfair treatment has negative outcomes.

Exploring Justice Climate in the UK food supply chain could help understand these shared justice perceptions, inter-organisational relationships and to ultimately build upon positive work outcomes.

**Keywords:** Justice Climate, Inter-Organisational Relationships, UK Food Supply Chain

**1. Why look at this area:** The second Competition Commission report in eight years upheld that some suppliers had experienced unfair practices from food retailers. Indeed, there has been phenomenal growth of the UK food retailers over the past 20 years they subsequently hold the power in relationships particularly with own-label suppliers. Yet if their suppliers are good enough to supply them surely they are good enough to treat fairly? Exploring and understanding Justice Climate in food supply chain relationships is required to improve these relationships – increasing positive work outcomes and reducing negative work outcomes.

Justice climate (the shared perceptions of justice) is a more realistic approach to the study of justice, than the traditional individual level studies, as people form opinions via colleagues, co-workers and teams they work with – formal and informal, although this is only explored at the intra-organisation (within organisation) level.

## 2. Outline of Proposed Research

*Table of Research Design*

Research Method	Internet-based survey – self-administered
Duration of data collection	July 2010 – September 2010 (3 months)
Research Design	Standardized questionnaire including closed-ended, scale (ordinal and nominal) and one open-ended question (at the end)
Respondent population / sample	Members of the NFU (primary producers), suppliers and food retailers
Research topic	Exploring justice climate in the UK food own-label supply chain.
Pre-test	June 2010 (1 month)
- Sample size	300
Analysis Software	SPSS

### 2.1 Quantitative: Self-administered online survey

This will be sent to the stakeholders in the UK own-label food supply chain:- primary producers, suppliers and retailers. The list of respondents will be obtained from the National Farmers Union (NFU) who holds the contact details of UK farmers/primary producers. Most farmers / primary producers are now connected to the internet, particularly given their geographic location (often

relatively isolated compared to urban households) and so this is a good method of communication for them. Supplier rationalisation has created several large suppliers in each supply chain, so these are easily identifiable and contactable. Lastly the food retailers to be contacted are the ten main supermarkets in the UK: Sainsbury's, Asda, Tesco, Morrisons, Waitrose, Marks and Spencers, Cooperative, Lidl, Aldi, Netto and Iceland.

The most 'preferred' method has been the postal questionnaire (Kotzab, 2005) although this was an analysis of papers pre-2003. Grant et al (2005) note the advantages of the online approach:- short response time, low costs, convenience, willingness to answer open-ended questions, high item response rates. (pg 152) and its methodological applicability: B2B context, identified population and respondents, high degree of involvement in the research subject and high degree of reachability via the internet (pg143). The survey involves mostly close-ended tick-box responses (for example: position within the business: Marketing, MD, Operations) to enable information about the respondent, given that this is an anonymous survey, so I will need to know who is responding (supplier – retailer – producer) and some basic information. The insight will come from the scales where approximately 20 statements require ticking either: *Strongly Agree / Agree / Disagree / Strongly Disagree / Not applicable*. There are four sections of the survey, so there are four pages which the respondent will complete. Time has been taken to word the questions such that the maximum understanding is gained from a minimal number of questions, as *"In general there is an adverse relationship between the length of a survey (the number of questions and the level of the data asked) and the response rate"* (van Donk and van der Vaart, 2003).

The survey will lead the research design, with the following used as sources of further depth and understanding:

*2.2. Qualitative: Follow-up semi-structured interviews from each stakeholder group (minimum 10)*

Survey respondents have the option of putting their contact details on their (otherwise anonymous) online survey. In-depth interviews will be conducted with a range of stakeholder groups and levels of the organisation, and build upon their survey responses, aimed to last between half an hour and an hour. Interviews are the third most 'preferred' method for supply chain management studies, after surveys and simulation/modelling (Halldorsson and Arlbjorn, 2005, pg111).

*2.3. Observation*

Attendance at Producer Clubs (held twice annually) to observe procedures, attendees, outcomes. This is the least objective approach in that the researcher presence will have an influence in the

outcomes, as witnessed in the Hawthorne sociological studies. As the survey is the main element of the research design – followed by semi-structured interviews, these observations will be used as only as an additional source of information and is not intended to lead this research design due to its subjective nature. The observation is aimed to add some real-life examples of relationships and communication in action. Although it must be noted this is not Action Research as this would involve participating and influencing these communications and outcomes, which is not the objective of this particular observation.

### **3. Methodological/philosophical implications of proposed research design:**

This work aims to contribute to the under-developed Inter-Organisational Justice literature, using learning's from the intra-organisational justice literature, supply chain relationships and inter-organisational relationships.

*“From the theoretical stand-point fostering cross-pollination of the organisational justice and IOR (inter-organisational relationships) literatures may be likely to provide valuable insights to organisational scholars”* (Beugre and Acar, 2008, pg446).

The Inter-Organisational (*between organisation*) (B2B) literature indicates that there are many positive work outcomes that are linked to fair treatment, and negative work outcomes from unfair treatment. Thus the Justice Climate is applicable to Inter-Organisational Justice, yet many of the advancements in the Justice Climate literature are from the Intra-Organisational (*within organisation*) level. The supply chain involves many inter-organisational relationships at multi-levels, and so this is a fruitful area to look at given the evidence that some suppliers have experienced unfair treatment. Seuring et al (2005) note the approach for researching supply chains has been to adapt Stock's (1997) suggestion of 'borrowing' various research methodologies and applying them to supply chain research. Subsequently a combination of approaches, termed the balanced approach (by Golicic et al, 2005) which involves quantitative and qualitative methods can provide a deductive (quantitative) and inductive (qualitative) understanding.

Many supply chain studies look at dyadic relationships (buyer-seller) and chains (*one-way*: just one players perspective, or *disjointed*: actors from different actual chains) thus multi-way feedback of actual supply chain relationships (buyer – seller – producer) will add to the understanding of relationships with regard to justice climate and the subsequent work outcomes.

*From a methodological point of view, the majority of empirical studies seem to be either single cases or survey-based research. Typically the first type of research describes and analyses one dyad or single link (and) is often practitioner orientated...(whilst)...surveys incorporate limited aspects of integration and fail to grasp what actually happens in supply chain relationships. (van der Vonk and van der Vaart, 2005, page 32)*

Thus a balanced approach involving survey, interviews and observation is intended to provide a more rounded interpretation of supply chain relationships.

Kotzab (2005) built upon a meta-analysis of papers published in the Journal of Business Logistics between 1993 and 2003, highlighting that: “no article contain(ed) all the necessary data that allow conclusions towards reliability, validity and objectivity of the study” (pg 125). Thus my research design in order to be rigorous and worthy of note in supply chain research literature by containing multi-way feedback from stakeholders in the same chain (buyers-suppliers-producers) giving the potential for more **reliable** conclusions to be formed. In comparison many studies look at one perspective only (the manufacturer’s perspective) or the dyadic relationship (buyer and supplier). To maximise **validity** a combination of qualitative (survey) and qualitative (interviews, observation) will be employed. As Golicic et al (2005) note: “quantitative research methods optimise control and generalization (external validity), while qualitative research maximises realism (internal validity)” (pg 15). Lastly this study will be **objective** as the researcher has no affiliations with any stakeholder groups involved in the research and so the research is not influenced by personal ties. It is anticipated that Structural Equation Modelling (SEM) will be employed for the survey analysis, the survey is the leading part of the research design, given the robust sample size, and so will provide breadth of feedback, whilst the follow-up semi-structured interviews will provide the depth.

The multiple stakeholders in the supply chain in question: *buyer – seller – producer*, and also the multi levels: *operational – strategic - marketing* - the levels of operational, strategic and marketing are noted by Oosterhuis et al (2005) - will provide an added dimension of sources of justice climate. A possible way of getting the required information would be from a case-study approach, although it would be difficult, if not impossible, to ensure anonymity. Whilst case-study and action research approaches have been used with much success in supply chain research (Seuring, 2005, Middel et al, 2005) it is not deemed appropriate for this study given the sensitivity of the area (justice perceptions). Openly discussing unjust behaviour of your key supplier/s or customer/s is not

forthcoming given that this could affect or even ruin relationships. For example in the Competition Commission report (2008) many suppliers anonymously complained of unfair practices from retailers, however in subsequent retailer initiated 'supplier surveys' the vast majority (often 90%+) showed satisfaction with their relationship with the retailer. The academic rigour of retailer-initiated surveys is minimal; however their findings do indicate that suppliers do not wish to openly admit to experiencing unjust treatment, as they are concerned about maintaining the relationship. The multi level approach will provide understanding of relationships as "*the 'presidents view' dominates*" (Kotzab, 2005, pg136) thus focusing on multi-levels will allow for multiple voices (levels) to be heard, allowing for comparison of justice climates –evidencing differing sources of justice. Data can be at the individual level, but also at the unit and organisational levels (aggregation) – offering comparison of justice climate outcomes at different levels.

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