Chapter 19

Leveraging Workforce Diversity in Practice:
Building Successful Global Relationships with Minority–Owned Suppliers

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ABSTRACT

Important supply bases for buyers are those that emphasize minority-owned businesses. The increased focus on globalization, corporate social responsibility, supplier diversity, and additional benefits has established a need for buyers to develop sustainable relationships with minority-owned firms. Based on a review of the literature, and interviews with a minority supplier director, minority suppliers, and a purchasing manager, this chapter examines the relationship constructs that are important to buyer-minority-owned supplier relationships. Trust, perception of buyer's commitment, and minority-owned supplier commitment is explored. Research propositions, implications, and directions for further research are offered.

INTRODUCTION

Research across many different fields has begun to explore the disparities that exist because of racial, cultural, and gender differences. Often times, studies assume a "one size fits all" conclusion. For example, Hayes et al. (2010) in their study on coronary heart disease, heart failure, and stroke discuss the underrepresentation of women and minorities in clinical trials and how this lack of race-specific and sex-specific reporting compounds problems such as patient care. When research fails to be inclusive, the resulting studies contribute to a gap in knowledge in that field. This resulting gap in knowledge ultimately translates to a gap in problem recognition, attention, and solutions. This type of research oversight occurs not only in the field of medicine, but in other fields too.

General research in the field of operations management in the area of buyer supplier relationships, not only offers minimum insight and input from the suppliers' perspective, but there is also minimum insight and input from the minority-owned business perspective. This oversight limits the ability of businesses or buyers to build and maintain successful relationships with minority businesses. Research that highlights and confronts challenges based on racial, cultural, and gender differences can close the gap of misunderstanding and lead to healthy functional business relationships. In this chapter, we attempt to minimize this gap by discussing differences between minority owned businesses who supply non-minority owned businesses (hereafter referred to as buyers) with necessary resources, products and services and non minority-owned businesses who supply buyers with the same. We use this knowledge to suggest ways that non-minority buyers can build successful relationships with minority owned businesses (minority owned businesses and minority suppliers will be used interchangeably).

Two critical relationship variables that contribute to business relationship success are trust and commitment. It has been well established in the social sciences that trust has a critical role in facilitating successful relationships (Blau, 1964; Zucker, 1986; Coleman, 1988). In a business relationship, each business must be able to have confidence that they can rely on the other to successfully carry out said responsibilities. Moreover, a successful relationship between two businesses involves commitment. Each business must be assured that the other will be obliged to carry out those said responsibilities.

In this chapter, we define trust based on research in social psychology (Larzelere & Huston, 1980) and relationship marketing (Ganesan, 1994; Doney & Cannon, 1997) trust is defined along two dimensions. The first dimension focuses on the objective *credibility of a supply chain's partner, expectancy that the partner's word or written statement can be relied on*. The second dimension focuses on *benevolence, which is based on the extent to which one partner is genuinely interested in the other partner's welfare and motivated to seek joint gain.*

We define commitment from research on social exchange (Cook & Emerson, 1978), organizations (Meyer & Allen, 1984) and relationship marketing (Anderson & Weitz, 1992). We define commitment as *a buyer/supplier's belief that the relationship is important enough to warrant maximum efforts at maintaining it; that is, the committed party values the relationship to an extent that it is worth continuing indefinitely.* Our definition corresponds almost exactly with that developed by Morgan and Hunt (1994).

Existing literature is abounding with research pertaining to the role of trust and commitment between buyers and suppliers. The majority of these studies explaining the importance of trust and commitment, however, discuss trust and commitment from the buyers' point of view. Conversely, less attention has been paid in existing literature to the suppliers' point of view. Moreover, extant literature also has failed to offer much insights on minority owned businesses and their perspective on trust and commitment in buyer supplier relationships.

Obtaining and maintaining relationships with minority owned businesses is considered a strategic and competitive advantage for most companies. Yet, the ability for organizations to realize this advantage has been challenging.

RESEARCH MOTIVATION

Many companies are seeking innovative and sustainable methods to develop and improve their relationships with their suppliers. One important segment of the supply base that has caught the attention of corporate America and gained increased attention is minority- owned suppliers. Many companies place the responsibility of building relationships with minority owned business in their

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