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Exploitation and Just Price Theory

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A COMMENTARY ON Schleper, M., C. Blome, and D. Wuttke, D. (2015), "The Dark Side of Buyer Power: Supplier Exploitation and the Role of Ethical Climates," ***J Bus Ethics*** 140(1): 97-114, http://doi.org/10.1007/s10551-015-2681-6

ABSTRACT

Schleper, Blome, and Wuttke attempt to use just price theory to define exploitation. According to the authors, a competitive market equilibrium defines a just price. When certain asymmetries in bargaining power exist, trading at any lower price constitutes unethical exploitation. I argue that a competitive market equilibrium does not provide a price that could be considered just by their own standards, and thus fails to ground a theory of exploitation.

THROUGH THE APPLICATION of just price theory Schleper et al (2015)[2] attempt to develop criteria of supplier exploitation in supply chain management. While the authors mention many types of exploitation, they focus on price concessions resulting from power asymmetries to make their argument (99, 100). In general, a buying firm possesses power over a supplier when the buying firm can extract concessions from the supplier that the supplier would not normally agree to. This power asymmetry exists when, for a variety of reasons,

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[2] Page references not otherwise attributed are to Schleper et al (2015).