Relational Ethics in Global Commerce

Andrew Creed, Deakin University, Australia
Ambika Zutshi, Deakin University, Australia
Jane Ross, University of Maryland University College, USA

ABSTRACT

This article identifies the fragility of relationships and ethical practices in the context of global commercial relationships and reflects upon the centrality of human relationships in commerce. The connections between people in global business are underpinned by ethical actions and outcomes and influenced by the degree that information and communication technology are part of the commercial relationship. Issues of trust, privacy, sharing, communication, security, anonymity, and learning emerge as relevant. This analysis positions relational ethics into the field of commerce, exposes the critical issues, and makes recommendations for ways to work with and further develop the link between commerce and relational ethics at the global level, especially in the light of developing technologies and the growth of e-commerce.

Keywords: e-commerce relationships; ethics; global enterprises; Internet trust; online privacy

INTRODUCTION

This article identifies the fragility of relationships and ethical practices when individuals and organizations are involved in commercial (often global) business transactions. We look at how the relationships between organizations and their stakeholders have transformed following the unprecedented growth and use of information technology and transnational communication. Stakeholders include consumers, customers, clients, suppliers, sub-contractors, government and non-governmental agencies, community, or any individual impacted directly or indirectly by an organization’s operations (see Freeman, 1984; Suklev, 1997; Ulhoi; 1997, Walker, 2000). The importance of addressing stakeholder needs and involving them as part of the decision-making process has been directly linked to financial success (Gullifer, 1999). The needs of stakeholders in commerce are mutually interlinked and interdependent in accordance with ‘systems theory’ (Zineldin, 1998) and any disturbance in the relational balance between people in the system can have both a direct and an indirect impact on corporate effectiveness,
the bottom-line, and the viability of an organization. Unsatisfactory performance by any involved party, including the breaking of trust, delay or failure in fulfillment of commitments, or breach of value expectations, can result in marred relationships between the organization and their stakeholders. In this article we highlight the significant differential in relationship perceptions that cultural variances bring into commercial transactions. We thus propose that taking account of normative relational ethics in commercial transactions is becoming increasingly relevant.

The transnational relevance of the stakeholder concept has grown in this era of expanded globalization (Lewis, Young, Mathiassen, Rai & Welke, 2007). For example, in recent years the Prime Minister of Australia called for companies to establish and maintain stakeholder relationships and practice philanthropy as part of their businesses (Gullifer, 1999). The growing global sense of corporate social responsibility is evident in this call. This is not uncommon amongst politicians and business leaders in developed nations as a response to general community expectations for ethical behavior, not only at the center but also at the periphery of commercial relationships and all places in between. One indicator of this ethical shift is the range of sources that annually rank multinational organizations on fashionable attributes such as ‘best employer’, ‘ethical organization’, ‘admired organization’ in conjunction with the usual ‘revenue’ indicators (Fortune, 2006). As an economy grows more robust and complex, non-monetary measures of success become more important. Doing the ‘right’ thing is imperative for the reputation of an organization because it can impact on long term profitability (Mackey, Mackey & Barney, 2007). Profitable organizations are increasingly expected to be socially responsible (Dow Jones Sustainability Index, 2008; Jantzi Social Index, 2008), which involves giving a portion of their profits back to the society. This kind of reciprocity is a transaction that depends on good and mature relationships between the organisation and their stakeholders (Freeman, Lim & Ewing, 2003).

For the purpose of this article the term ‘relational’ incorporates the internal and external relationships between organizational and individual stakeholders of an organization. However, we focus primarily on the category of customers/clients as organizational stakeholders having a role in commercial transactions. These relationships are tissue-paper thin and, like the diverse cultures they represent, are of different textures and designs, and fragile to external pressure, stress and stretch. Implied here is the awareness that quality of relatedness between people and systems is essential for cohesion and, ultimately, sustainability of commercial operations.

Problems can emerge if the people working in an enterprise lack the skills to relate well with stakeholders. Fundamentally, human infants are hard-wired for relatedness (Vandenberg, 1999) -- this is part of our basic expectations. As social animals, humans innately know that coming together is often necessary and it inspires many of our social endeavors. The broader field of ethics aims at being objective about group interactions and looking at the holistic picture when making decisions with reference to the short- and long-term implications on various stakeholders. Varying perceptions of ‘right’ versus ‘wrong’ actions amongst different cultures and sub-cultures in our social groups serves to complicate the outcomes of our decisions.

To engage in business is to agree to become involved in some type of exchange transaction with another party. Trade between parties is the core of commerce. With relational ethics, we have a normative view based on personal and individual, rather than impartial, perceptions of right and wrong. For example, Gilligan (1995, p.122) makes no apology for the feminine grounding of relational ethics, but makes an important contribution when she calls for us to recognize on every level that “people live in connection with one another; human lives are interwoven in a myriad of subtle and not so subtle ways”. Milton Friedman’s (1982) work in the twentieth century promoted the general view that business should be primarily profit driven. This implies a recommendation to leave
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