

Relational Ethics, Global Business, and Information and Communications Technology: Interconnections Explored

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ABSTRACT

This paper provides a literature review and analysis of the impact of information technology in a global business environment on relational ethics. These three variables interact in a dynamic field that supports and challenges global managers in entrepreneurial endeavors. While information and communication technology (ICT) is rapidly expanding, the opportunities for global business and relational ethics are affected by the interconnections. Drawing on current literature and insights gained from a relational approach to ethics, readers are invited to reflect on the ways that relationships influence ethical actions—and outcomes—and how they can be improved. This analysis exposes the critical issues, develops a general framework and makes recommendations for ways to work with and further develop the interconnections between global business, ICT and relational ethics.

Keywords: Relational ethics, Entrepreneur, Globalization, Privacy, Information and Communication Technology (ICT)

WHAT IS RELATIONAL ETHICS AND ITS IMPERATIVE FOR GLOBAL BUSINESS?

The aim of the paper is to explore the connections between global business and information and communication technology (ICT) with concern for the ways relational ethics direct stakeholder actions. The term ‘relational’ includes the relationships between organizational and individual stakeholders of an organization. We identify the role of appropriate technology in building and maintaining trust between individuals within and outside an organizational boundary, especially as this relates to the entrepreneurial role and mindset, and extend our view to the global business environment as the overarching context.

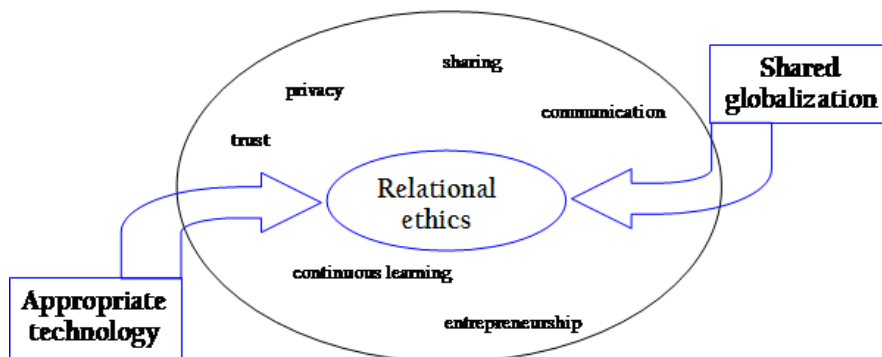
For Bergum (1998), “relational ethics [imply] initiating and maintaining conversation, and means that ethics is found in the day-to-day interactions of one

another”. Relational ethics looks at people’s roles: as practitioner, administrator, team member, teacher, client, student, friend, and global ‘neighbour’. This focuses on who one is, as well as what one does. Bergum and Dossetor (2005), when examining in the health sector why some kinds of relationships are better than others, provide the basic qualities of an ethical relationship; nurtured and sustained by reliance on communication and mutual concern. It is the relationship itself that supports and informs ethical interaction, activity, decision making and exchange of commodities. Philosophers have often asserted the central place that relational issues have in society and learning (Blenkinsop, 2005 and Jones, 2003). Theories of relationship have played a role in some aspects of organizational management (Tyler and Blader, 2003). Now the social and technological changes happening globally may be precipitating stronger relational imperatives.

Use of communication technology in most fields has altered the medium and pace of conversation between stakeholders around the globe. Even though the issues of privacy, trust, confidentiality and anonymity are common within the health care sector (Bergum, 1998; FPC, 2001), it is the authors’ contention that caring and respecting all the parties involved in business relationships is essential regardless of the sector (Adams et al, 2005), or area of global operation. The obligations to address the above-mentioned issues remain, (for organizations as legal entities as well as for individual managers), and, in some cases, are magnified given the ability of technology to track and disseminate sensitive information. Within and across borders, the responses occurring in business relationships set the tone or atmosphere in which a relational ethic must be defined and acted upon.

The efficiency of technology enhances the ability of organizations to track customers. This parallel ability of technology to, first, identify customer needs and, secondly, to exploit this information for profits has received plenty of attention (Pham & Jordan, 2006). Using ICT to gather and disseminate product and service information can result in new business opportunities. As mature domestic markets reduce in profit potential, individuals as well as organizations seek beyond their

Figure 1. Commercial interconnections and influences revealed



geographical borders for new growth opportunities. Technology assists in this process by providing new ways of relating to existing and potential customers. This process is accompanied by the challenge of addressing the global convergence of cultures. New levels of good faith and trust may be needed to promote an atmosphere of peace and goodwill. People meet (physically and in cyberspace) and mingle in milieux which are constantly changing. Ethical relationships become central in this environment in the absence of enforceable cross-border laws and physical controls. Some dissenting voices can be found, such as Harmon (2005), who warns against a moralist approach, however, still affirms that affective and relational issues are important, although in need of balanced perspective.

The question then becomes: What kind of ethics is needed for the complexity of entrepreneurship in our times? According to Bergum and Dossetor (2005), it is recognizing that ethics is grounded in relationships. The context of these relationships can vary, but the fact remains that relationships need to be nurtured and sustained by reliance on communication and mutual concern. In Relational Ethics, the right and good relationships ultimately must concern every authentic ethical theory and impact on the relationship one has with customers (Pellegriano in Bergum and Dossetor, 2005).

Figure 1 presents the three key variables addressed in this paper. The framework reveals relational ethics impacted by the forces of technology and globalization in an atmosphere of diverse influences. The remaining discussion proceeds to address the factors in this developed framework.

THE VIEW AS (E-) ENTREPRENEUR OR INTRAPRENEUR

Working in global markets presents many challenges for management; especially in trying to create flexible solutions. Corporations have to shift their mindset to think like entrepreneurs and capitalize on growth opportunities in certain niches (Overholt, 2005).

Our definition of entrepreneur includes classical, independent innovators (individuals and/or teams), prepared for risk and a love of high returns, but also the intrapreneurs (individuals and/or teams), who are plying similar innovative skills but within and on the perimeters of larger organizations. ICT creates enhanced opportunities for entrepreneurial (networking) behaviors regardless of organizational size (Pinchot and Pinchot, 1997). In this technology-enhanced environment we cannot overlook the e-entrepreneurs. Zutshi et al (2006, p.63) define e-entrepreneurs as, "those who use the World Wide Web to interact and complete virtual transactions both with other businesses (B2B) and their consumer/customers (B2C)". The terms e-entrepreneur, intrapreneur and entrepreneur are used interchangeably in this paper.

Entrepreneurial opportunities emerge from myriad sources including stock market swings, online auctions, e-business, and unanticipated niches emerging in the global economy. Wherever commerce is found, McMillan (2003) shows the importance of markets as neither magical nor immoral but as powerful tools for improving trade and living standards. There is a challenge for managers who are unaccustomed to thinking about commerce as an instrument of social change. It is not a case of whether commerce-as-social-change should happen, but how to work with this ubiquitous global trend. Social change has occurred by market forces, so we now must navigate the new socio-economic environment with tools aligned to the changed context.

In this climate we may ask, How can entrepreneurship be improved? As organizations continue to be increasingly market driven, relational ethics must be embodied in the features needed for a market to function well to ensure that (McMillan, 2003):

- information flows smoothly
- property rights are protected
- people can be trusted to live up to their promises,
- side effects on third parties are curtailed, and
- the benefits of competition are fostered.

McMillan (2003) makes a distinction between *a* marketplace and *the* market. *A* marketplace, physical or cyberspace, is a specific venue where exchanges take place – where trade occurs. *The* market, on the other hand, is an abstraction, an overall system composed of many interdependent markets. Most transactions in society have little to do with markets. Rather, they occur among members of like minded people, mediated by different rules and relationships. McMillan (2003)

sees the tradition of individual decision-making and voluntary exchange as key to the marketplace and it includes and shapes:

- reputations (costly to create and defend)
- patent policy
- intellectual property (must be protected), and
- property rights (which as the Licensing Executives Society has observed - 1997; 2006 - are found to shift as the locus of operations changes from local, hard assets to global, digital and less visible ones).

Relational issues become more central than peripheral when one enters the global marketplace. Fundamentally, Vandenberg (1999) asserts that human infants are hard-wired for relatedness. This affirms that as macro influences shape human society, micro factors between individuals will continue to set the undertone. It is human to work within a field of relational ethics.

INFORMATION TECHNOLOGY: IMPACT OF GLOBALIZATION AND THE NEED FOR RELATIONAL ETHICS

Technology can have a depersonalizing effect. The cold wall of a technology interface -- for example, a recorded phone message, or an automated teller at a bank -- can be greeted with distrust. To compete, many companies are tending to re-emphasize personalized approaches in an attempt at promoting trust. As cultural clashes are experienced, as backlashes (in the form of customer grievances) are confronted, the need to harmonize grows.

Professional institutions are recognizing the importance of issues of ethics and community responsibility. For example, the Australian Computer Society requires its members to conform to its various rules and regulations, including Ethics/Social Implications/Professional Practice (ACS, 1997). Similar guidelines are also implemented in other economic sectors. The emergence of codes of conduct, ethical standards, and at least the debate at national and international levels, are essentially evolutionary cycles, or responses to changing relational dynamics. The central position of ICT in propagating the impetus for change, as well as being the medium through which adjustment to change can occur is somewhat paradoxical. While the activities promoted are right and good, they are of little effect in themselves if action and improved ethical relationships do not occur.

ETHICS, THE (E-)ENTREPRENEUR, AND CHANGING GLOBAL CULTURE

The principles of trade and capitalism are rooted in economics and relationship, and in comparative advantage that is part of the human survival mechanism. When the human desire for creativity is considered, we are more directly in the realm of the entrepreneur and, ultimately, of relational concern and 'good' (civil) behavior if commercialization is to occur. McMillan's (2003) notion of *a* marketplace is reinforced. The classical idea that business activity need not include a social conscience is rooted less in reality in today's interconnected economies.

Ross et al (1994) in their work on continuous quality improvement show the important role good manners play for successful global business and provide a framework for export readiness with international protocol as a key step on that journey. In another view that challenges the persistent 'me-centered' mentality, Kaplan and Koval (2006) explain, 'nice' companies have lower employee turnover, lower recruitment costs, and higher productivity. Companies and people with a reputation for cooperation and fair play forge the kind of relationships that lead to improved opportunities. *Taking the long term vision*, relational ethics qualities such as caring for other people, having honor, working with honesty, competing with dignity, sharing knowledge and behaving with kindness, are important for successful global entrepreneurship.

An example of relational issues emerging in a business context has been noted by Blenkhorn and Mackenzie (1996) in the form of relationship marketing. The concept of 'mutual interdependence' as a power-control factor is present. This elevates the need to act in ways that are balanced and considerate, for instance, opening up communication, being cooperative, and demonstrating a degree of sacrifice in the relationship. Evoking relationships in commerce, at its core, is best practiced by elevating concern for the customer, a sense of ethical practice which is not only good for the customer in the short term but may also improve company performance in the longer term (Dunham, 2006). A cynical application

is noted, in that profits come from serving customers. However, from the perspective of care and concern for customers, an increased sense of responsibility is seen to emerge. Anytime customers receive good service tends to build trust and exemplifies the reciprocity at the core of economic theory.

Drake and Ross (2005) discuss customs change, bribery, child labor, human rights abuses, and integrity as the categories proposed in which deep questioning and continuous reflection are recommended, even required, if the (e)entrepreneur is to succeed in different cultures. de Geus (1998) adds to this perspective by regarding business longevity with the view that, “the corporate equivalent of pain is a crisis, which lasts long enough for most people in the organization to feel and to become convinced that something should be done”. Solutions to the scenarios above represent time spent learning. Time, however, is not always abundant in the minds of entrepreneurs today. In this atmosphere, relational ethics ought to be approached so as to contribute to time management and become a time saving approach. For instance, a commercial relationship in which there is a high degree of trust will more quickly facilitate a successful transaction.

Bennett (2005) and Hladik (2006) insist it is hard to trade with those who you do not trust, or have different cultural and ethical expectations. Emerging value-sharing communities accelerate innovation in new realms of entrepreneurship and economics. The imperative to embrace relational approaches to cooperation and collaboration develops in many sectors, from traditional manufacturing through to services, including education. For example, Backhaus et al (2005) propose a dynamic collaboration model for business education that aligns with theories of knowledge and understanding attributed to Heidegger and Gadamer (Radnor 2002), and with relationship dynamics originally posited by Schutz (1966). This and other models emerging suggest continued impetus for relational approaches.

TRUST, LEARNING AND RELATIONSHIPS

Burgeoning information technology is attracting entrepreneurs in increasing numbers. The wireless and mobile revolution is proceeding and entrepreneurs are engaging in the enhanced connectivity that networking with ICT offers. This is a setting in which disruptiveness of emerging technologies (such as the Internet and nanotechnology, Horner, 2005) applies in current economic and education systems alike (Moor, 2006). Such a milieu tends to attract the global business entrepreneur, and creates opportunities in the associated market of educating the entrepreneur ‘on the go.’

Bennett (2005) emphasizes identifying and addressing aspects of accountability, trust, openness, and continuous improvement. There is every reason to apply these ethics to the education of global business managers. The task becomes one not just of learning about the relational approach, but of teaching managers how to learn, as well as teaching teachers how to teach. This brings the discussion back to the continuous learning loop that is necessary for sustained relational ethics. It is not enough to rest on laurels, instead one must be poised to learn more, to stay alert to the changing needs of the people, organizations and cultures with which transactions and trade are occurring.

INFORMATION AND COMMUNICATION TECHNOLOGIES: PRIVACY AND TRUST

Technology delivers conveniences and changes the way we undertake day-to-day activities, including shopping and banking. There persists cautiousness of Internet usage by some, due to privacy and security issues. Brey (2005) notes the rise of surveillance as precipitated by bureaucratization, burgeoning capitalism, and the actions of nation states. Successful competition appears founded on information gleaned from surveillance. Large organizations are increasingly enabled through technology to manipulate personal information. In this context Brey (2005) posits that privacy is a right as well as a condition.

A number of companies are strategically reassessing Internet strategies and offering new choices to their customers. In Australia, the financial sector reveals examples of efforts at attracting increasing market share through competitive advantage opportunities overlooked by bigger players. For instance, Bendigo and St. George Banks have taken to offering more personalized customer service. This is not to say that these institutions have left the technology bandwagon behind, instead they have adopted the technology to offer choice to their customers and to reach them in rural areas, where major banks have either closed or restricted their business for efficiency purposes. In addition to rural communities, Bendigo and St. George Banks have established relationships with urban populations by

offering timely, faster and personalized service and steadily increasing customer satisfaction (Owen, 2002; Lekakis, 2001; Power, 2001; Derkley, 2003).

There is a need for (e)entrepreneurs to address the fear associated with illegal or unethical access to personal information. The recent Hewlett Packard spying scandal is a case in point (Chapman, 2006). Governments across the globe are taking a strong stand against exploitation of personal information gained by companies (see Adam, 2005). Increased security and privacy measures undertaken by governments also attract controversy. The Australian government, for instance, proposed a ‘Smart Card’ for its citizens that would incorporate a computer chip with personal information. Questions were raised about the integrity and extent of access to information to various stakeholders (Kay, 2006; Lewis, 2006; Dearne, 2006). The same government also introduced new “smart” passports designed to improve cross border security, but is challenged as a measure that may, in fact, assist identity fraudsters by pooling sensitive personal information in a single readable source (Epstein, 2006).

CRITICAL ISSUES AND RECOMMENDATIONS

Literature review and analysis has revealed a number of critical issues for managers in a technically evolving, global environment, especially in the area of relational ethics:

- Technology, if managed well, can play a part in building and maintaining trust between individuals within and outside an organizational boundary.
- The responses occurring in business relationships set the tone or atmosphere in which a relational ethic must be defined and acted upon.
- Organizations increasingly need to engage in cycles of continuous learning and applications that will confront and overcome relationship challenges.
- The central position of ICT as an impetus for change, as well as being the medium through which adjustment to change can occur is somewhat paradoxical.
- Deep questioning, continuous reflection and diligent attention to relational skills development are required if the entrepreneur is to succeed in different cultures, and
- Relational ethics attends primarily to issues of, trust, openness, understanding and engagement.

These critical issues lead to the following recommendations that may assist (e-) entrepreneurs to forge and maintain relationships as they engage in business activities:

- Leverage ICT to capitalize on communication and collaboration improvement mechanisms.
- Do not allow business relational ethics to be neglected directly or indirectly, nationally or internationally.
- Accept that relationship challenges require a continuous learning mentality at the group and individual levels.
- Understand the confounding but enlightening features of ICT in the context of relational changes in global business.
- Global business managers should engage in deep questioning, continuous reflection and diligent commitment to practical improvement of accountability, trust, and openness in the context of business and its relationship with the supply chain and beyond.

The research has suggested the juxtaposing roles of Relational Ethics, Global Business and ICT may continue to fuel research and practitioner activities into at least the medium term future.

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