

An ethical dilemma

IT BECAME APPARENT DURING THIS INVESTIGATION INTO ETHICS THAT THE ISSUES ARE BROAD AND COMPLEX. THIS PAPER AIMS TO IMPROVE THE UNDERSTANDING OF BASIC MORAL CONCEPTS AND HOW PEOPLE ATTEMPT TO APPLY THEM TO DECISION-MAKING IN BUSINESS, INVESTMENT AND PROJECT MANAGEMENT. THE RESEARCH METHOD ENTAILED A REVIEW OF JOURNALS AND INTERNET WEB SITES.

Drug companies

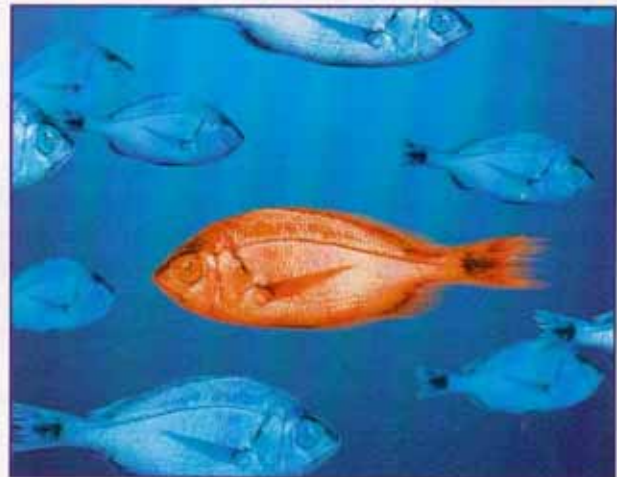
Recent court proceedings in South Africa are interesting as the drug companies were fighting to protect their profit margins. The South African government had passed a law enabling the country to import or manufacture generic brands of drugs to fight such diseases as AIDS. There were 39 drug companies opposing the new law on the grounds that such decisions will stifle the development of new drugs as it would not be as profitable and therefore not viable. The reality for the South Africans was that without the generic drugs they could treat only a minority of the people in need. In fact, even with the generic drugs the amount of people treated will fall short of need. An interesting argument resulting from these proceedings is that governments should be more active in the research and development of drugs to make necessary ones more widely available (Sunday Forum, March 11, 2001).

Organisations themselves do not have ethics, but organisations do relate to their environment in ways that often involve ethical dilemmas and decisions.

Personal investment decisions

Specialist fund manager Ian Rhode had a dilemma a couple of years ago. (Salmons, R March 31, 2001) Clients of his charitable trust started telling him to invest in BHP. This meant endorsing the company's controversial Ok Tedi mine in Papua New Guinea and some clients felt a charitable trust should not be linked to a mine they felt was damaging the environment. Others said investors should stay with BHP to ensure it followed its clean-up obligations. But in a response that sums up the dilemma of the ethical investor, clients representing some high profile Australian charities said Mr Rhode's priority was 'to make the best return for them - so they would have money to spend on their charitable works'.

This situation demonstrates the complexity of arguments about ethical investing. It could be construed that anything can be justified if the results satisfy the investor's own investment plan.



Superannuation funds

The following argues that socially responsible investment (SRI) does provide returns either equal to or in excess of alternative investments.

'The number of Australian managed and superannuation funds in so-called ethical or socially responsible investments will double to as much as \$2 billion in the next three to five years, according to the sponsors of a new international ethical product for wholesale buyers.'

'Bank of Ireland Asset Management's regional director Asia-Pacific, Brandon Donohoe, says that SRI funds, which integrate social and ethical criteria into their decision-making, are "increasingly providing returns equal to or sometimes better than other investment vehicles".' (FASTFUNDS, 2001)

Professional ethics

Professional bodies and associations such as the Australian Institute of Project Management (AIPM) have charters that their members must to adhere to. This mirrors the concept that a professional is somehow set aside from the mass and is of 'good standing'. But there are many who could name so-called professionals who have acted in a manner opposite to ethical.

Project managers, in the pursuit of their profession, affect the quality of life of all people in our society. Therefore, it is vital that project managers conduct their work ethically to earn and maintain the confidence of team members, colleagues, employees, clients and the public. It could reasonably be argued that by being seen to be ethical, project managers would ensure continued cooperation from the team members and continued support from existing and prospective clients.

The following extract highlights examples of people being taken advantage of by other people of arguably higher intellect. (Kotler, P. 2000) 'Some direct marketers take advantage of impulsive or less sophisticated buyers. TV shopping shows and infomercials may be the worst culprits. They feature smooth-talking hosts, elaborately staged demonstrations, claims of drastic price reductions, time limitations, and unexcelled ease of purchase to capture buyers who have low sales resistance.' This argument emphasises the need for guidelines to ensure people are not taken advantage of and the need to monitor so-called professionals in society.

Education

"In fact little attention is given to the important social role organisations must play in society. Organisations are in fact bound by the notion of social contract. The obligation is to return benefits to society other than the product or service. Essentially this minimum obligation is to provide employment and to do no harm. Raising this issue with business students often brings looks of disbelief and mocking laughter. Yet over recent years the actions of many firms in Australia that make record profits, then retrench thousands of workers to further increase returns and efficiency, seems to support Ralston-Saul's contention.

Ralston-Saul may be right. Schools and colleges of management must address the wider context of society and ethics as fundamental business studies. Without them they are "just bastions of mediocrity." (www.bf.rmit.edu.au) (Schools of Management or Bastions of Mediocrity, by Michael John Segon, Convenor: ABEN

This extract argues that teaching is at the core of the perceived problem with business ethics. Should business courses focus heavily on ethics as a core subject of study to ensure the business leaders and project managers of tomorrow have a much greater awareness and understanding of how they integrate with and influence society as a whole? Are investors likely to be enamoured with a business leader or project manager who places great emphasis on society, or one who produces great dividends or results?

Should universities that are forced to operate as businesses address the question of instilling ethical decision making into business leaders and project managers of tomorrow, or teach them to maximise the profits at all cost?

Recommendations

This paper's objective was to investigate the statement: Organisations themselves do not have ethics, but organisations do relate to their environment in ways that often involve ethical dilemmas and decisions.

The research would suggest that there is a long way to go in terms of defining ethics and where they fit in to the business and project management arenas.

The author believes the issue of education is of paramount importance and the institutions of higher education should include ethical studies as a core subject in all business and project management courses. This will help to alleviate a number of concerns raised during the survey. For example, the study of the principle of ethics in business and project management with people from other industries will allow a greater understanding of the different problems in those industries.

Furthermore, a grasping of at least the basic operational requirements of those different industries will also lead to the sharing of knowledge in not only the intricacies of different industries, but also the specific issues faced in their operation. The result of this cross fertilisation will be business and project managers who will have the ethical credibility to operate across a wide variety of situations and industries.

The setting up of workshops to bring together business and project managers currently operating in various industries will assist in the cross fertilisation process described above.

The outcomes of the research, while it is by no means definitive, does provide a good basis for further study. The following are possible areas to concentrate resources to build greater understanding and agreement on ethics in project management and business:

- the existing organisational culture
- the manager's perceived ethical credibility
- inconsistency in terminology between different industries.

The business and project management communities may well need to look at not only raising the standards of their practitioners, but also concentrating on raising awareness of the concept of ethical management among senior management across all industries. ®

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