

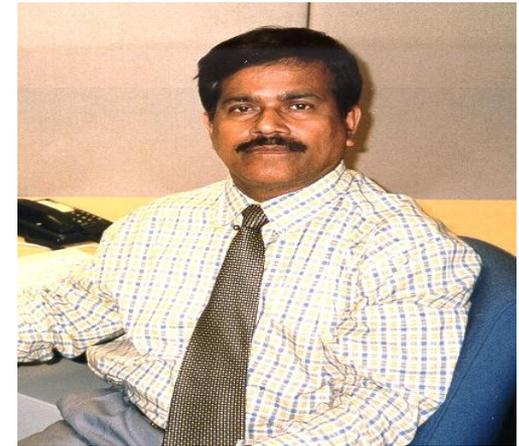
# Ethics in Procurement: A Milestone for creating a transparent Business Environment



**Nitya Karmakar, Ph.D**  
Macquarie City Campus(MQC)  
Macquarie University/AIH

Sydney NSW 2000 Australia

[e-mail:nitya.karmakar@mqc.edu.au](mailto:nitya.karmakar@mqc.edu.au)



**Global Forum 2013**

Palazzo dei Congressi della Stazione  
Marittima, 28-29 October, Trieste, Italy

# Agenda for Today

- Background Information
- Business Ethics
- Ethics in Procurement
- Ethical theories
- Ethical Decision Making
- Procurement in Digital Age
- Ethics and Moral System
- Ancient Wisdom (Vedanta & Values)

# Background Information

“Ethics is about choices. It is a concept that signifies how we act in order to make the “right” choice, and produce “good” behaviour. It encompasses a thorough (and objective) examination of the principles, values, duties and norms, the consideration of available choices or alternatives in order to make the right decision and the strength of character to act in accordance with that decision” (Dellaportas, et al, 2005:5).

# Background Information

“...the guidelines or rules of conduct by which we aim to live” (Dobler & Burt, 1996).

“...the study of what is good or right for human beings and what goals people ought to pursue and what actions they ought to perform” (Buchholz, 1989).

# Business Ethics

- ▶ Ethical principles and rules in a commercial context
- ▶ Examines the specific ethical issues in a business environment
- ▶ Applied in specific business situations – how one should act in a business or workplace

# Ethics & Corporate Governance

- ▶ There have been recent high profile scandals involving organisations such as:
  - Global Financial Crisis!!!
  - Enron, WorldCom in the USA
  - HIH, One-Tel, AWB in Australia
- ▶ Ethics, corporate governance and accountability are all interrelated within an ethics framework

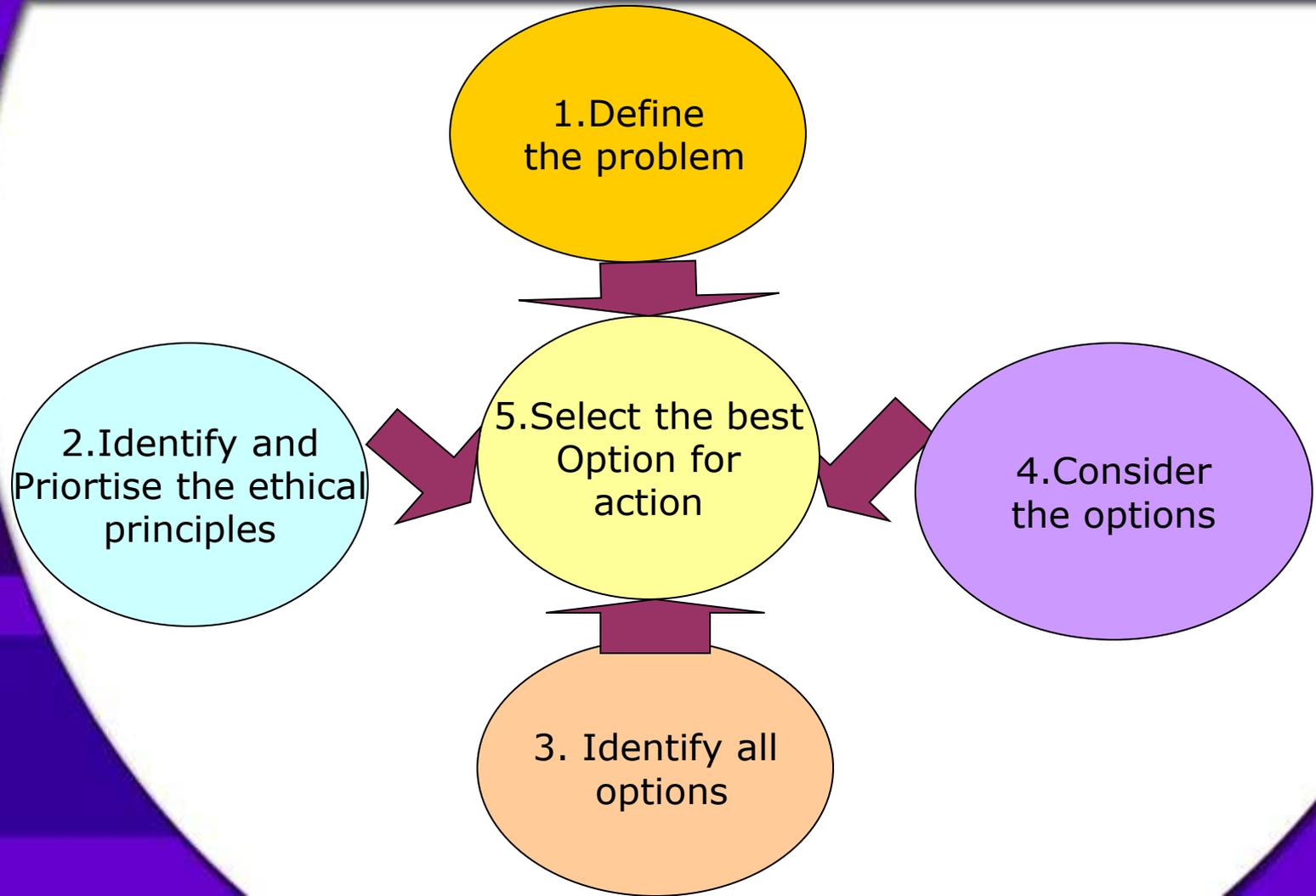
# Procurement & Ethics

- The entire process by which businesses acquire the resources that they need to carry out their missions and administer their projects and programs.
- Ethics is always an important issue in project procurement

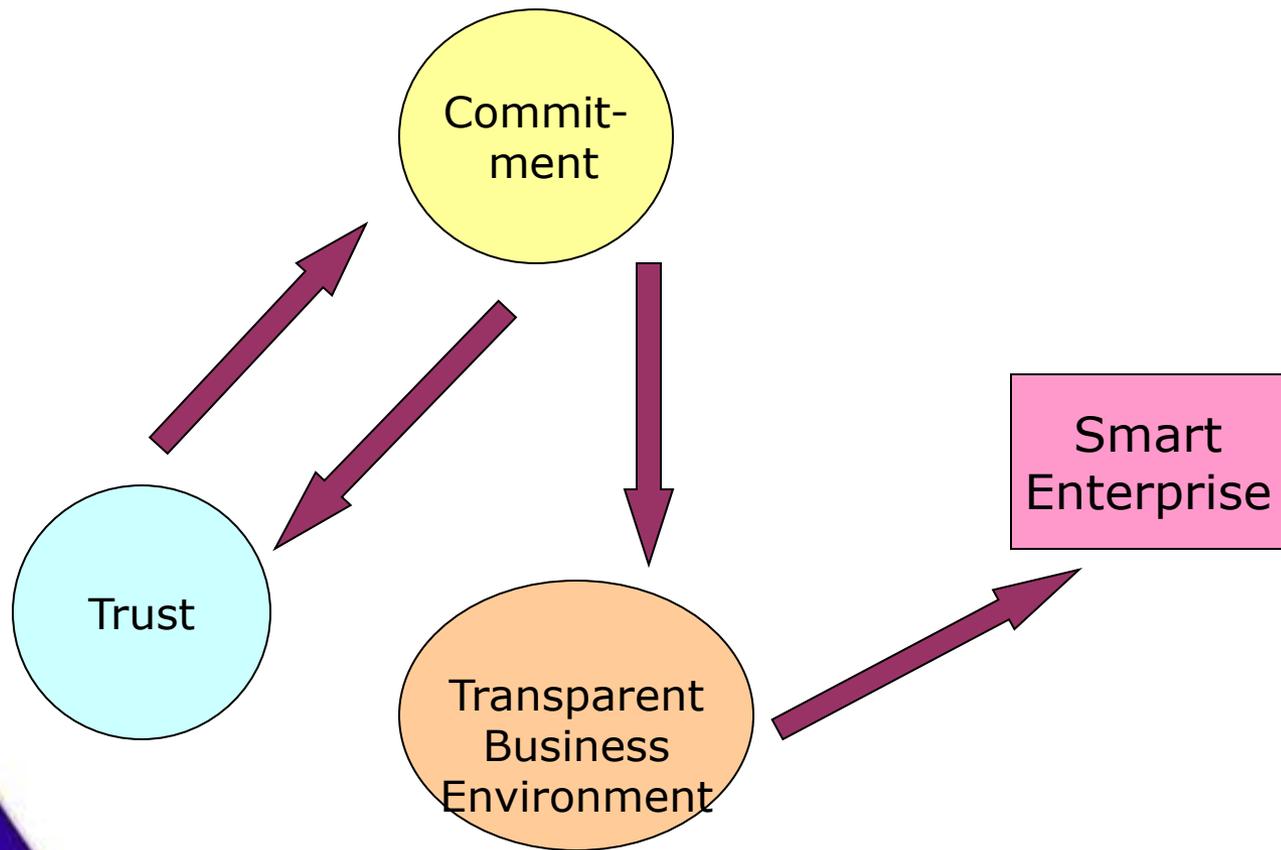
# Ethical theories

- **Normative**
  - Consequential (Teleological Perspective)
  - Duty-Based (Deontological Perspective)
- **The Theory of Rights**
  - Legal and Contractual right
- **The Theory of Justice**
  - Distributive Justice

# Ethical Decision Making(Utilitarianism)



# Procurement in Digital Age



# Current Trends in the Industry

- **Politically**
  - More legislation is needed
- **Socially**
  - Search for trust
  - Easy to use, easy to obtain, low cost
- **Economically**
  - Reduce the costs for transactions
- **Technologically**
  - Higher level of security
  - New payment systems created outside the banking infrastructure. (eg. eCharge Phone)

# Challenges and Issues

- Immoral Business transactions
- Corporate greed
- Security and Trust.
- Lack of uniform government legislations

# Ethics & Morals

- ▶ ***Ethics*** are the implicit rules that guide us in our everyday behaviour, thoughts and actions
- ▶ ***Morals*** are how a person approaches and responds to an ethical issue

# A MORAL SYSTEM

Grounds for justifying moral principles



Moral principles and rules



Source of moral rules



Intrinsic      Instrumental  
Eg: freedom, happiness      Eg: computers, money

# Ethics: Emphasis on Character

---

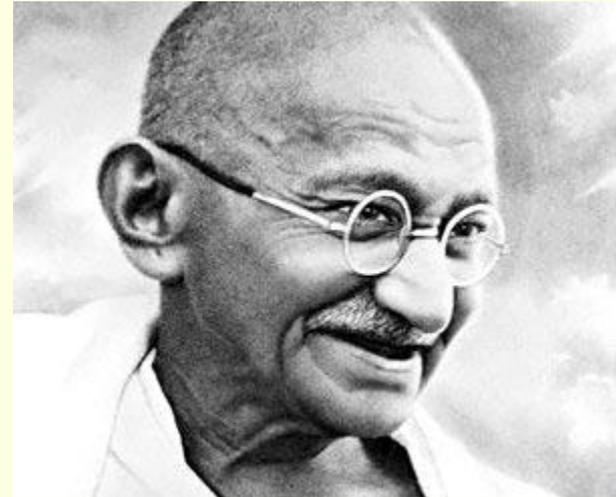
- ... money does not pay, nor name; fame does not pay, nor learning. It is love that pays; it is character that cleaves its way through adamant walls of difficulties.
  - Swami Vivekananda
- Deep commitment to social welfare
- Strict code of morality



# Seven Deadly Sins by Mahatma Gandhi

---

- Wealth Without Work
- Pleasure Without Conscience
- Knowledge Without Character
- **Commerce (Business) Without Morality (Ethics)**
- Science Without Humanity
- Religion Without Sacrifice
- Politics Without Principle



# Ancient Wisdom based on Vedanta

---

1. “Morality is an expression of the innate purity of the Self while immorality is born of ignorance of our true Self. Ethics is based on freedom not compulsion.
2. That which is selfish is immoral, and that which is unselfish is moral.

# Ancient Wisdom based on Vedanta(contd..)

---

3. Ethics is unity, its basis is love. This expression of oneness is what we call love and sympathy, and it is the basis of all our ethics and morality.

4. Basis for equality/ equity

5. Strength”

Ethics is always an important issue in Business and life.

**Have a G'Day**

