

## Chapter 5.10

# Managed Services and Changing Workplace Ethics

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### INTRODUCTION

Organizations use various types of outsourcing for many reasons, and these have been widely documented in the research literature. However, the impact on both the employees remaining with the organization and those who move to the service provider is often neglected. Prior to the outsourcing arrangement coming into effect, the employees all work for the same organization, but now with two (or more) organizations in place, professionalism and workplace relationships are drastically changed. In this article, the impact of changing workplace relationships on individual professionalism and workplace ethics will be explored.

The article will begin by briefly discussing managed services and outsourcing, and ethical workplace practices and how these may be impacted by an outsourcing arrangement. Included in this discussion are associated areas of trust, professionalism, workplace relationships, and employee mindset change. The mindset change is of particular interest as employees in both organizations are now guided by commercial

arrangements. For example, the simple phone call to a former colleague asking for assistance or information may now cross organizational boundaries and therefore lead to potential ethical conflicts

### MANAGED SERVICES AND OUTSOURCING

Various definitions of outsourcing prevail. Outsourcing “reflects the use of external parties to perform one or more organisational activities” (Dibbern, Goles, Hirschiem, & Jayatilaka, 2004, p. 9). Pearlson and Saunders (2006) describe outsourcing as “the purchase of a good or service that was previously provided internally” (p. 229). From an information systems and technology (IS&T) perspective, outsourcing is the contracting out or selling of an organization’s IS&T assets, people, and activities to a third party for an agreed time period and monetary payment (Oza, Hall, Rainer, & Gray, 2004; Kern, Willcocks, & van Heck, 2002). IS&T outsourcing covers many areas, for example the use of contract staff, the contracting

out of various IS&T functions such as managing and operating data centers, software development, and hardware and network support (Kishore, Rao, Nam, Rajagopalan, & Chaudhury, 2003).

Sanders and Locke (2005) define managed services as an engagement where a third-party company has responsibility for design, implementation, and management of a total solution. The engagement can vary and may include responsibility for equipment, facilities, staffing, software, and management (Sanders & Locke, 2005). As such a managed services engagement is a form of outsourcing. The value of such an engagement is that the client is buying specific industry experience that it does not possess.

Based on these definitions, there are marked similarities between managed services and outsourcing. The differences are in the context of the contract, the business environment, and how the parties see their relationship and the achievement of their business goals.

### **Commercial Focus → Mindset Change**

With commercial arrangements in place, internal IS&T staff must change their work practices to become more commercially focused. However, IS&T staff have often struggled to adopt a commercial focus in the way they perform their activities. They are often perceived as having no real understanding of what the business needs are and of being primarily concerned with technology (hence some reasons for the move to outsourcing). This is mostly due to a support function mentality (Kingsford, Dunn, & Cooper, 2003) and most IS&T staff having minimal contact with the commercial aspects of the organization. Having a commercial or customer-oriented focus will permit the IS&T department to promote its products and services, provide value to the organization, and realize its full potential within the organization.

By adopting a commercial or customer focus, the IS&T department can move away from the cost center or support function mentality and potentially become a profit center within the organization. For this to be successful, challenges such as considering users as customers, building and developing ongoing relationships with these customers, providing value for money services and fee-for-service costing models, and catering for selective product and service requirements by business units will surface. However, a workplace dilemma may surface for IS&T staff—that is, focus on profit and return on investment or focus on professionalism and ethical practice.

### **ETHICAL WORKPLACE PRACTICE**

Ethical practice in the workplace can cover many aspects of any individual's role, for example providing the correct information to a customer, not taking advantage of working relationships (both internal and external), taking a bribe vs. receiving a gift, or revealing confidential company information to others. In most instances ethical workplace practices focus on the work-related conduct of the employee (Marchewka, 2006), however most employees and managers receive little (if any) training in workplace ethics and ethical behavior (Pearlson & Saunders, 2006).

Organizations develop policies, procedures, and guidelines related to workplace conduct which employees are expected to follow (Marchewka, 2006; Reynolds, 2003). Conversely an employee expects the management of an organization to also follow ethical practices. Unethical acts by management or employees could mean breaking the law or contravening professional standards (Marchewka, 2006; Reynolds, 2003).

### **Professionalism**

A profession is “a calling requiring specialised knowledge and often long and intensive academic

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