
Chapter IX

Ethical Challenges of Information Systems: The Carnage of Outsourcing and Other Technology-Enabled Organizational Imperatives

David Wiencek
Mercer University, USA

ABSTRACT

This chapter reviews the historical, technological and economic factors driving IT organizational design and resulting staffing patterns within the IT organization as a backdrop to reviewing the ethical aspects of outsourcing and other technology-enabled organizational imperatives. It examines the effect of developing a business model based on core competency analysis and examines IT sourcing alternatives from the viewpoint of three groups of stakeholders: individuals, the corporation and society. The chapter demonstrates that sourcing choices an IT manager makes result in ethical

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dilemmas, delineates various aspects of the dilemmas and provides some simple but effective resolution principles. The author hopes that the IT manager reading the chapter will be better prepared to apply ethical decision principles when choosing how to staff their organization and be aware of the possible negative and positive results of their decision-making.

INTRODUCTION

Information Technology (IT) managers today face growing pressures to reduce costs, do more with less and eliminate non-value added activities within their operations. Outsourcing has become a widely applied strategy to meet these imperatives. While the justification for outsourcing is often based on a financial model, there are other nonfinancial costs to the organization, its employees, investors and the public. This chapter is not concerned with the legal aspects of outsourcing, but rather the ethical aspects. Ethics provides the IT manager with a means to evaluate choices between alternative courses of action all of which can in some sense be justified. Kidder (1996) calls these alternatives “Dilemma Paradigms” or situations that involve “Right versus Right” (p. 109). Kidder defines four paradigms that may clash in any ethical dilemma: justice versus mercy, short-term versus long-term, individual versus community, and truth versus loyalty. Analyzing the steps to be taken when facing an ethical dilemma, Kidder suggests that once all the facts are known and the alternatives have been identified, the person facing an ethical decision must identify a moral principle to apply before resolving the dilemma (p. 154). There are many moral principles that may be applied towards the resolution of an ethical decision. Kidder lists three that are familiar and often employed. Do what is best for the greatest number of people (*ends-based* thinking); Follow the highest sense of principle (*rule-based* thinking); Do what you want others to do to you (*care-based* thinking) (p. 154). The manager reading this chapter may wish to reflect upon the applicability of these paradigms and resolution principles to the issues presented.

In the attempt to meet organizational imperatives, to be cost effective and to be competitive, corporations have focused on their core competencies to the exclusion of all others. For core, mission critical processes, the corporation must look inward and determine whether the corporation itself is the best organization to perform the function.

“Outsourcing non-strategic processes has been an important trend in the U.S. in recent years. While IT transactions began prior to 1990, outsourcing has certainly been popularized in the last decade. Part of the explanation lies in the larger trends operating in the world economy—increasing

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