

Ethical Purchasing; Does It Even Exist?

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Is there really anything ethical about purchasing? Are there companies that will actually change suppliers for ethical reasons? Whose morals and ethics are applied? All these questions lead me to believe that ethical purchasing is not a competitive strategy but something that sounds good and makes us feel even better. As project managers, we are sometimes responsible for purchasing on our projects, and we are typically involved in managing supplier relationships. Do we care if those suppliers are ethical?

To me, ethical purchasing means a few things:

- That workers were not exploited in the completion of the product or service
- That materials used to make the product were environmentally friendly
- That environmental resources were not compromised

Ethical purchasing has become a nice buzz word in the business world. Why has it become a part of business today? Because it makes people feel good. I am not criticizing those who follow the principles of ethical sourcing, nor am I criticizing those who choose to buy only from ethical suppliers. I am, however, commenting on the fact that there are multiple reasons why this is a nice-sounding concept and not a competitive strategy:

- There is no standard against which we can measure whether or not a company produces or purchases ethically
- Everyone's definition of ethical is different
- Most companies do not use any specific criteria to ensure that they are purchasing from ethical companies
- There is no way to prove that a company is ethical without performing audits and reviews of their business practices

I find it hard to believe that most companies will not buy a particular product or service from an "unethical" supplier if that supplier offers the same product or service at a similar level of quality for less. Business is still business. As a project manager, are you going to terminate a contract with an unethical supplier? That is an individual choice. The reality is that, as PMs, we are not likely to have the power to terminate the supplier relationship.

Companies and projects make strategic purchasing decisions every day and, while I do believe that it sounds nice to say that companies buy from ethical suppliers, I always question what ethical really means. I am not advocating buying from suppliers that take advantage of their work force or have questionable business practices, but do customers really care? Would a customer prefer a lower price or the knowledge that the product was purchased ethically? It is up to each company to be the judge of that, but I would submit that most customers will not know the difference at the time of purchase.

The way to solve this conundrum is to define what ethical purchasing is and what conditions surround it. In construction, the LEED process provides various levels of certification for buildings that are constructed based on environmental considerations, with specific conditions to be met. This certification is based on an international standard. Why not do the same thing for suppliers and projects? Identify specific conditions to be met in order to be certified as an ethical supplier. This removes any confusion in our definition and provides some tangible standards to be met. We can then compare suppliers from different countries and this status may even provide a competitive advantage for some companies over others. Only then will the term ethical purchasing hold any weight.