**UNIT 3: Ethics in Management**

Semester- IV (UG)

Subject- Business Ethics (Module-II)

Topic-UNIT – 3 (Ethics in HRM)

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Lecture no-1

**Resource Ethics in Human Management (HRM)**

HRM is concerned with the management of the ‘people’ of an organization. The term HRM is used to refer to the procedures, philosophy, policies, and practices related to the management of people within an organization. HRM is an approach to bring the people and the organization together so as to achieve the desired goals. It helps in creating a relation between the management of the organization and the employees which is based on cooperation and coordination according to the designed strategy. It is the art of promoting, developing and maintaining a competent workforce to achieve the goals of an organization in an effective manner. HRM is responsible for performing various functions like planning, organizing, directing and controlling of human resources. HRM also involves activities like procurement, development, compensation and maintenance. According to Ivancevich and Glucck, ‘Human resource management is the function performed in organizations that facilitates the most effective use of people (employees) to achieve organizational and individual goals.’ HRM is extensive in nature and it is present in all organizations and at all levels of an organization. HRM focuses on action rather than theoretical procedures and it encourages an employee to utilize his skills and potential completely to give his best to the organization. It encourages the employees through systematic procedures like recruitment, selection, training and development. An effective HRM works towards achieving its goals by providing a competent and motivated workforce. The primary aim of HRM is the promotion of effectiveness of the people employed in the organization and the performance of their allotted duties with cooperation. It seeks to develop and bring together an effective organization, enabling the women and men who make up an enterprise to give their best contribution towards its success both as members of a working group and as individuals. HRM can help organizations achieve their goals more effectively and efficiently. Effective management of human resources helps in improving the quality of work life. It seeks to provide fair conditions and terms of employment and work that satisfies all those employed. The following are the key objectives

of HRM:

* To recruit trained and spirited employees
* To help the organization reach its goals
* To train the employees for best results
* To communicate HR policies to the employee
* To ethically respond to the needs of the society

**HR ethical Issues:**

Cash and Compensation Plans:

There are ethical issues pertaining to the salaries, executive perquisites and the annual incentive plans etc. The Human Resource manager is often under pressure to raise the band of base salaries. There is increased pressure upon the HR function to pay out more incentives to the top management and the justification for the same is put as the need to retain the latter. Further ethical issues crop in HR when long term compensation and incentive plans are designed in consultation with the CEO or an external consultant. While deciding upon the payout there is pressure on favouring the interests of the top management in comparison to that of other employees and stakeholders.

Race, gender and Disability:

In many organisations till recently the employees were differentiated on the basis of their race, gender, origin and their disability. Not anymore ever since the evolution of laws and a regulatory framework that has standardised employee behaviours towards each other. In good organisations the only differentiating factor is performance. In addition the power of filing litigation has made put organisations on the back foot. Managers are trained for aligning behaviour and avoiding discriminatory practices.

Employment Issues:

Human resource practitioners face bigger dilemmas in employee hiring. One dilemma stems from the pressure of hiring someone who has been recommended by a friend, someone from family or a top executive. Yet another dilemma arises when the company have already hired someone and he/she is later found to have presented fake documents. Two cases may arise and both are critical. In the first case the person has been trained and the position is critical. In the second case the person has been highly appreciated for his work during his short stint or he/ she has a unique blend of skills with the right kind of attitude. Both the situations are sufficiently dilemmatic to leave even a seasoned HR campaigner in a fix.

Privacy Issues:

Any person working with any organisation is an individual and has a personal side to his existence which he demands should be respected and not intruded. The employee wants the organisation to protect his/her personal life. This personal life may encompass things like his religious, political and social beliefs etc. However certain situations may arise that mandate snooping behaviours on the part of the employer. Similarly there are ethical issues in HR that pertain to health and safety, restructuring and layoffs and employee responsibilities.

The following are examples of unethical practices during the recruitment process of a company:

**Discrimination relating to employment, compensation, training:**

* Recruitment of known persons without assessing their abilities
* Recruitment on the basis of financial favours
* Recruitment of the relatives of other employees
* Recruitment based on the recommendations of friend, business associates and other persons close to the leader
* Recruitment of underqualified persons
* Recruitment of overqualified persons
* Recruitment of less acceptable men when there are better suited women available for the job.
* Employing children below fourteen years for the job
* Giving less than minimum wages fixed by the government

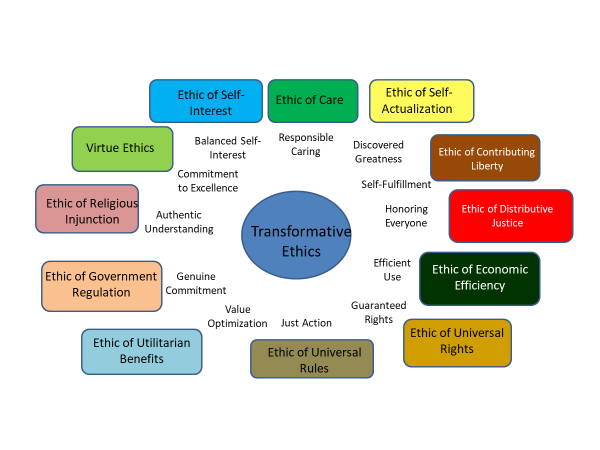
**The training manager of the company can also indulge in unethical practices as**

**can be seen from the following points:**

* Arranging training only for favourite employees, whether they deserve it or not
* Employing outsiders for providing training to trainees even when there are several persons available inside
* Planning and organizing the training programme without even knowing the need for training
* Organizing training during peak seasons or on days when workload is very high
* Starting training programmes in an ill-prepared manner
* Extending the time of the training programme to allow the trainees to have a relaxed time
* Supplying outmoded and old training materials for the purpose of training
* Experimenting with trainees by asking them to set their own timetable for training

**In the area of administration, the following are the unethical practices the manager can indulge in:**

* Tampering leave records of the employees
* Giving leaves continuously to favourite employees
* Giving promotions to non-eligible persons merely on the recommendations of a friend or business associate
* Ignoring issues related to the security of the company
* Interference in various activities of the administration from the top management
* Giving the contract for uniforms of the employees to the wrong companies just for the sake of personal benefits



**Ethics of Care** – This ethical perspective views the primary responsibility of ethical duties in terms of the relationships in which a person is engaged, the duties owed to others, and the obligation to care about and to honour the best interests of others. This ethic emphasizes demonstrating that each individual is important and highly valued. That value and is affirmed not only by HRM policies that demonstrate a commitment to employee success and growth but by how those policies are actually carried out. This ethic creates **connection** between a leader or HRP and others. – This connection is honoured when HRPs not only treat job candidates and employees with dignity, respect, and kindness but when they demonstrate personal competence in ensuring that those individuals are fairly treated.

**Ethic of Self-Actualization** – As organizations empower employees to become their best possible version of themselves, they honour this ethical perspective. The assumption of this ethic is that organizations are responsible for helping employees to discover their greatness and achieve their highest potential. HRM training and development programs that help employees to learn, to grow, to succeed in their jobs and to prepare for potential advancement clearly demonstrate this ethic. The Ethic of Self-Actualization communicates the **value** of each individual.

**Ethic of Contributing Liberty** – This ethical perspective advocates the right of each individual to choose to become or achieve what they personally value. This ethical viewpoint emphasizes personal freedoms which do not harm others. HRM policies that protect the rights of people with diverse backgrounds and personal life-style preferences honour this duty. This perspective honours the **personal rights** of individuals.

**Ethic of Distributive Justice** – The Ethic of Distributive Justice requires that the rights of those who are most vulnerable must be both considered and protected in making decisions that may otherwise benefit society. HRM policies that provide a grievance process that allows job candidates or employees to appeal decisions that harm them thereby protect the rights of those individuals when the review process established is fair to those who feel they have been improperly treated . This perspective honours the **needs** of individuals.

**Ethic of Economic Efficiency** – This ethical perspective of the Ethic of Economic Efficiency seeks to generate the highest and best economic use of resources by avoiding wasting resources in their utilization. HRPs who help to create constantly learning cultures and who function as business partners to help departments to improve their efficiency and effectiveness honour this ethical duty . By honouring this ethic, HRPs and leaders demonstrate **wisdom** in judgment.

**Ethic of Universal Rights** – Universal rights are rights that are protected and guaranteed to everyone. These rights are considered sacred and preserve the security and safety of all individuals. HRM policies honour these rights and support due process when they treat others like valued partners rather than as commodities. Through honouring this ethic, HRPs and TMTs demonstrate their commitment to the **freedom** of others.

**Ethic of Universal Rules** – This ethical perspective affirms that there are universal principles that establish a standard of actions that govern relationships and human behaviours and thereby benefit all of society by establishing rules of appropriate conduct. Honouring best practices of HRM, for example, acknowledges that there are professional standards of conduct and principles that produce superior results when applied conscientiously by qualified HRPs. This ethical perspective reflects the importance of **standards of conduct** that are recognized as applicable standards of ethical best practice for all HRPs and leaders.

**Utilitarian Ethics** – Utilitarianism is an ethical perspective that seeks outcomes which produce “the greatest good for the greatness number” in making ethical decisions. Outcomes that optimize benefits obtained are perceived to be superior to less efficient alternatives -- although this ethic also acknowledges that the rights of others should always be considered. HRPs who serve as department business partners and help to create organization efficiency and profitability seek to comply with this ethical standard. Utilitarian ethics reflect a leader’s quest to **excel**.

**Ethic of Government Regulations** – Compliance with the Ethic of Government Regulations requires not only obeying the applicable laws but includes honouring the spirit and intent of that law--even if the purpose of that law is not being fully enforced. HRPs and leaders honour this ethic when they adopt policies that recruit and employ minority groups that are represented in their communities or customer base. By so doing, their organizations comply with the intent of equal opportunity laws related to employee selection. Compliance with this ethic demonstrates the understanding of purposeful **intent**.

**Virtue Ethics** – Virtues govern relationships with others and demonstrate values which are recognized as commonly accepted. The foundation of virtue ethics is the pursuit of adding value in all things. As leaders and HRPs that seek the highest standards of demonstrate their commitment to personal excellence by meeting or exceeding best practices of HRM. Honouring the standards of virtue ethics demonstrate a leader’s **character.**

**Ethic of Self-Interest** – The Ethic of Self-Interest assumes that each person is best served by pursuing their own long-term self-interests. However, self-interest requires that the best long-term outcome demands that an individual or organization maintain a reputation of being trustworthy and honest. Treating employees as “owners and partners” and empowering and engaging them may involve additional short-term costs but also creates better long-term relationships and greater profitability. This ethic demonstrates the important priority of a sense of **perspective**.

**References:**

1. “Transformative Ethics and Human Resource Management” by Cam Caldwell and Verl Anderson.
2. “Business Ethics and Corporate Governance” Study Material of Utkal University.