

UNSOLVED BUSINESS DILEMMA: HUMAN RESOURCE

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ABSTRACT

Ethical conduct in business practice and HR procedures is no longer a matter of choice. Human Resource Management is a business function that is concerned with managing relations between groups of people in their capacity as employees, employers and managers. This particularly affects managers in HR, where decisions will affect people's jobs and their future employment. This paper explores some of the ethical dilemmas encountered in the workplace, discussing ethical behaviour and values that relate to HR. Human resources representatives have access to extremely sensitive information. Keeping this information private is an ethical matter facing HR. Human resources personnel has an obligation to maintain the confidentiality of an employee's personal data. Ethics is a key branch of philosophy, concerned with analysing what is right or wrong in people's behaviour or conduct. Philosophy presents us with suggestions about the nature of morality and ethics. Another very influential view stems from seeing people as having basic human rights. Where a human right exists, there must also be a duty or responsibility to recognise, support and acknowledge that right. We accept professional responsibility for our individual decisions and actions. HR professionals are expected to exhibit individual leadership as a role model for maintaining the highest standards of ethical conduct.

Keywords: Human resources, business ethics, ethical concerns, ethical approaches

*'All Human Resource practices have an ethical foundation. HR deals with the practical consequences of human behaviour'.
– Johnson, 2003*

1. INTRODUCTION

Ethical conduct in business practice and HR procedures is no longer a matter of choice. Human Resource Management is a business function that is concerned with managing relations between groups of people in their capacity as employees, employers and managers. Inevitably, this process may raise questions about what the respective responsibilities and rights of each party are in this relationship, and about what constitutes fair treatment. These questions are ethical in nature, and this chapter will focus on debates about the ethical basis of human resource management.

Standards, values, morals and ethics have become increasingly complex in a postmodern society where absolutes have given way to tolerance and ambiguity. This particularly affects managers in HR, where decisions will affect people's jobs and their future employment. This paper explores some of the ethical dilemmas encountered in the workplace, discussing ethical behaviour and values that relate to HR. It looks at relevant ethical tools, such as utilitarianism and relativism in order to examine current practices in the work-place and their links to corporate social responsibility.

2. THE SCOPE OF HUMAN RELATIONS IN MODERN TIMES

Human relations focuses more on group problems and on the individual relations to the group, rather than on the individual per se or on his job. It also gives more emphasis to informal relationships, because these are of

- The individual lives in a dynamic Universe i.e. Philosophy.
- He himself is active i.e. Psychology.
- His activities are interwoven with the activities of others i.e. Sociology.
- Most of his activities are of economic value i.e. Economics.

We have already made one reference before about the interrelatedness of problems in human relations. All such problems in human relations arise from all of these relationships. The making and

owing of material things do not constitute intrinsically worthwhile living for the worker or other members of society.

In many cases executives try to make employees happy and interested in their work. Management often wishes that employees would have a keener sense of interest in their tasks, in the company, and in industry. Employees do not wish to take over management's responsibilities, or functions, but they do wish to have the worthfulness of their personalities recognized. Every employee wants to feel that the management respects him as a personality and an important organ of the whole organization.

3. A SET OF MANAGEMENT VALUES

1. The value of explaining the WHY of every new plan or program, or every change in policy, procedure or methods, so that all concerned can understand the thinking behind it and cooperate intelligently.

2. The value of planning work as far ahead as possible, so that every one who has any contribution to make will have time to make it.

3. The value of frankness in all company relationships but used in a spirit of sincere and friendly interest, not of censure or criticism.

4. The value of showing confidence in men, so that they will not fear to express their ideas or use their initiative.

5. The value of developing loyalty, sincerity, and commitment to excel in the organization.

6. The value of giving warranted praise and the danger in unwarranted kind.

7. The value of being considerate, thoughtful, and appreciative in building a cooperative organization spirit a sense of truth and justice.

8. The value of explaining clearly the reasons why a suggested idea or plan cannot be adopted if it is impracticable.

9. The value of questioning the boss if he is wrong.

10. Finally, the value of true teaching rather than mere telling.

4. ETHICAL CONCERNS OF HR

The core concern of business – proponents of the market economy argue – is in attempting to secure the best possible return on any investment. Any dilution of this focus will lead to the corruption of what is a finely balanced system. Businesses that seek to be 'ethical' as well as profitable will probably fail economically, following which the whole community may suffer. Rather, let the invisible hand guide the market and all will prosper. Like some evolutionary force, the best will always survive.

Wealth will trickle down from successful enterprises, and humanity will be best served. Any constraint on the freedoms of the market – be they motivated by ethical angst or vote-seeking government policy – will just mess everything up. Notwithstanding the appeal of this position, a critique of business practice has continued to accumulate and assert itself, and to challenge the notion that business and morality have no meeting point. Concern has surfaced from a variety of sources: from consumer groups, political groups, religious and charitable organisations. Entrepreneurs, academics and researchers and management professionals have all expressed the view that standards of behavior within business need to be evaluated, and improved.

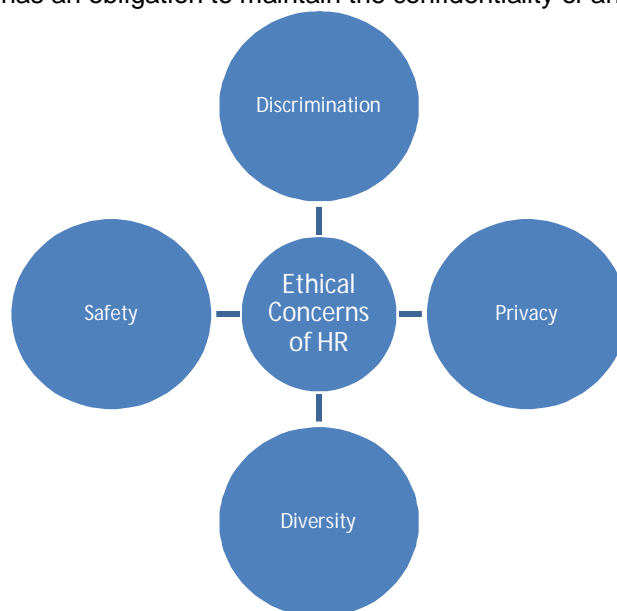
Discrimination and Harassment

Human resources professionals must ensure the organization remains compliant with anti-discrimination and harassment laws. Employee discrimination and harassment on the basis of race, gender or religion is an ethical issue human resources personnel face daily. Laws that prohibit discriminatory behavior such as the Civil Rights Act and Americans with Disabilities Act help HR

representatives develop training and awareness programs to prevent discrimination and harassment in the workplace. These laws also establish procedures human resources may use to report and discipline workers who display inappropriate discriminatory behavior.

Privacy

Human resources are involved in most aspects of employee relations including hiring, firing, compensation, benefits and leaves. Human resources representatives have access to extremely sensitive information. Keeping this information private is an ethical matter facing HR. Human resources personnel has an obligation to maintain the confidentiality of an employee's personal data.



Diversity

Workplace diversity encompasses the various qualities, characteristics and experiences that distinguish one worker from another. These characteristics can be differences in race, gender, age, social status or other traits that make an individual unique. Treating a person differently because of these differences poses an ethical issue that faces human resources. HR personnel implement policies that promote diversity in the workplace and welcome the differences of the entire workforce.

Safety

Employee safety is an issue facing human resources personnel. The department must prevent and correct potentially dangerous situations. Human resources must promptly act on hazardous conditions that present safety concerns in the workplace. The department is also responsible for identifying potentially dangerous employees and ensuring they do not harm themselves or others within the organization.

The unethical practice of HRM itself has also hit public attention:

- Off-shoring and exploiting 'cheap' labour markets;
- Using child labour;
- Reneging on company pension agreements;
- Longer working hours;
- Increasing work stress;

5. APPROACHES FOR ETHICAL HR DECISIONS

Ethics is a key branch of philosophy, concerned with analysing what is right or wrong in people's behaviour or conduct. Ethics and morality are terms that are often used interchangeably in discussions of good and evil. The term 'ethics' is usually applied to persons (ethics comes from the Greek ethos, meaning character) – and 'morality' to acts and behaviour (moral comes from the Latin moralis, meaning customs or manners).

Philosophy presents us with suggestions about the nature of morality and ethics. It also offers us a set of tools for analysing and exploring morality. Some main issues and approaches will now be discussed:

Relativism

One core distinction when analysing morality is the issue of relativism –the idea that morality varies with culture, time and circumstances. The opposite position is that of absolutism, the notion that there are universal truths in morality that apply at all times and in all circumstances. In a global business world, this aspect becomes significant. When businesses operate globally, how far should they adapt company rules to local circumstances? Situational ethics can become problematical for organisations wishing to expand into new international markets.

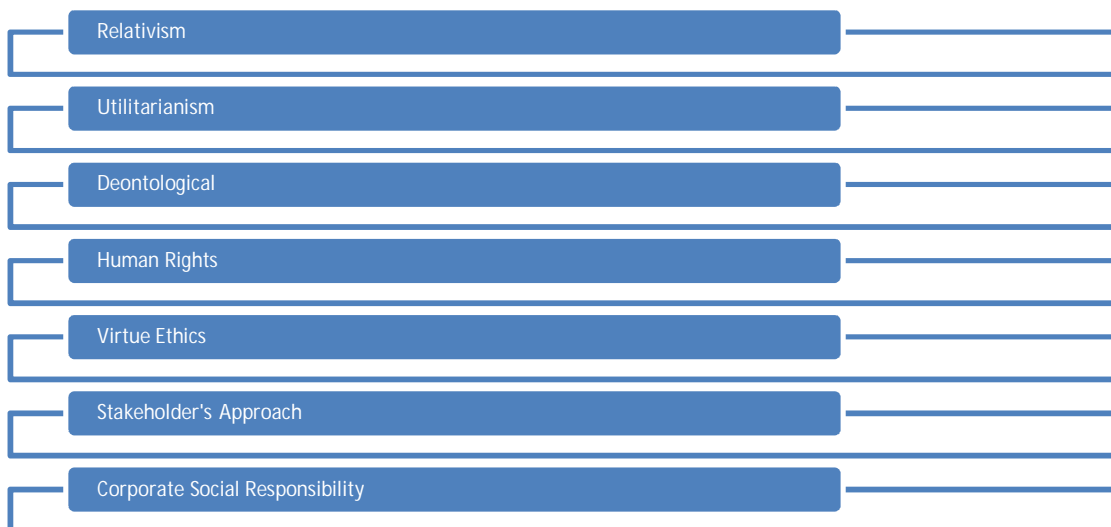
Consequentialist approaches (utilitarianism)

This approach was developed by Jeremy Bentham and John Stuart Mill. Its main premise suggests that the morality of an act is determined by its consequences: people should do that which will bring the greatest utility (which is generally understood to mean whatever the group sees as good) to the greatest number affected by a given situation.

Critics suggest that in practice it is very difficult to accurately determine what the maximal utility would be for all affected by a situation. People may not have the necessary information. The notion of utility is very vague. Are we thinking of the short or long term? These perspectives may lead to different conclusions. People may vary in their perceptions and requirements. What is the 'majority'? Can we accept a situation where the benefits of the majority might mean the exploitation, and suffering, of the minority? In this system, vast income disparity, or even slavery, might be condoned on the grounds that it maximized the benefits of the majority. Some very morally repugnant acts might be condoned on the grounds of utilitarianism.

Non-consequentialist or deontological approaches

This approach, associated with Immanuel Kant (1724–1804), is sometimes referred to as 'duty ethics'. Kant's aim was to establish a set of absolute moral rules, developed through the application of reason. He also put forward an acid test for evaluating the quality of moral rules and this is termed: the categorical imperative. This states that: 'I ought never to act except in such a way that I can also will that my maxim should become a universal law.' In other words, moral rules should follow the principle of reciprocity: do as you would be done by. This premise can be found in the moral principles of many religious systems, including Islam, Christianity, Judaism and Buddhism.



A key notion for Kant was that of intentionality. It might well be that the outcome of an act leads to very bad consequences for people – for example, the closure of a site and subsequent job losses – but if one's aims and intentions are good, then the act is a moral one. It's all about motivation and meaning.

Goodpaster has attempted to develop a set of rules along Kantian lines for business practice:

1. Avoid and prevent harming others.
2. Help those in need.
3. Do not lie or cheat.
4. Respect the rights of others.
5. Keep promises or contracts.
6. Obey the law.
7. Be fair.
8. Encourage others to follow these principles.

Human rights

Another very influential view stems from seeing people as having basic human rights. In this view, there is recognition of a core set of human rights. Where a human right exists, there must also be a duty or responsibility to recognise, support and acknowledge that right.

There have been many attempts to codify and elaborate human rights, including the declaration of the Rights of Man, the Universal Declaration of Human Rights and the European Convention on Human Rights.

Virtue ethics

Virtue ethics is an approach that is not concerned to identify the qualities of good acts, or principles, but of good people. Acting as a 'good person,' Macintyre suggests, 'is the state of being well and doing well - a complete human life lived at its best'. The virtuous man has to know that what he does is virtuous; a good man has to 'judge to do the right thing in the right place at the right time in the right way'. This is not just the simple application of rules. The virtues include both intellectual and character virtues. A key distinction between this approach and others is that it focuses on the issue of agency in ethical conduct. It suggests that neither good intentions nor outcomes, codes and the recognition of basic rights will necessarily ensure 'goodness'.

Stakeholder analysis

This approach has emerged from the area of applied business ethics, and proponents include Freeman (1998) and Weiss (1994). Free market economics accords rights only to shareholders in the business enterprise. Stakeholder analysis offers an alternative view.

Stakeholder analysis sees morality as evolving within a community of equals, where rights and needs are recognised as residing within all individuals and groups that partake in business life. Organisations consist of many interwoven webs of relationships, rights and responsibilities. Many individuals and groups have a 'stake' in how an organisation performs, apart from just the shareholders and members of the board. Employees, customers, suppliers and the wider community should all be considered when decisions are made, and they should be consulted accordingly.

However, there are a number of practical problems with this approach. Firstly, companies must identify relevant stakeholders – and this is not always an obvious matter. Secondly, when stakeholders are identified, an organisation has a moral obligation to discover their views. This is not always easy.

Corporate social responsibility (CSR)

Crowe (2002) defines CSR as, 'all the ways in which a company relates to society from purchasing to product disposal, from human resources to human rights'. The concept is generally used in management literature to refer to the responsibilities and relations between an organisation and the

community within which it operates. This focuses attention away from individual practices and procedures, to the strategic direction and mission of the corporation as a whole. One approach that companies can take to CSR is to include a 'social audit' in their annual reports. This was first recommended by Medawar (1978), and shows not just the financial performance of a company, but also details of its impact on both the environment and the community.

6. CONCLUSION

As HR professionals we are responsible for adding value to the organisations we serve and contributing to the ethical success of those organisations. We accept professional responsibility for our individual decisions and actions. We are also advocates for the profession by engaging in activities that enhance its credibility and value. HR professionals are expected to exhibit individual leadership as a role model for maintaining the highest standards of ethical conduct. As HR professionals we must maintain a high level of trust with our stakeholders. We must protect the interests of our stakeholders as well as our professional integrity and should not engage in activities that create actual, apparent or potential conflicts of interests.

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