



## Need for inculcating ethics in human resource management among forward-looking organisations

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### Abstract

Though the organization and higher authority has been striving to formulate such ethical policies to provide for overall growth of all the employees of the organization, still there has been a failure on the part of the corporate agencies designated with the purpose of delivering such ethical and value created policy initiatives to the real beneficiaries of the organization. The organization will have to undertake necessary measures to develop the required facilities that can help them to reach the targeted group and educate them regarding their utilities by imparting necessary human resource development programmes than can facilitate them in realizing the optimal benefits from organization.

HR practices and ethical policies in place regarding discrimination, sexual harassment and the treatment of employees, and put each of managers and supervisors through ethics training programs to make sure they are fully aware of your expectations. Treating employees ethically can garner long-term employee trust and loyalty, which conveys a range of distinct benefits to employers. Loyal employees gain more experience working with their employers, allowing them to master production processes and more fully understand the inner workings of the firm. This can increase employees' productivity and efficiency over time in addition to keeping human resource practices in the organization.

**Keywords:** Change agent, ethical business, forward-looking organisations, human resource management, whistle blowing

### Introduction

Ethics is defined as the study of morality and the application of reason which sheds light on rules and principle, which is called ethical theories that ascertain the right and wrong for a situation. Whilst business ethics theory focuses on the 'rights and wrongs' in business, feminist ethics theory emphasizes on empathy, healthy social relationship, loving care for each other and the avoidance of harm. In an organisation, to care for one another is a social concern and not merely a profit centred motive. Ethics has also to be seen in the light of the environment in which it is exercised. This is important as an organisation is a network of actions, hence influencing trans-communal levels and interactions. Disclosure ethics theory is concerned with peaceful settlement of conflicts. Discourse ethics, also called argumentation ethics, refers to a type of argument that tries to establish ethical truths by investigating the presuppositions of discourse contends that such a kind of settlement would be beneficial to promote cultural rationality and cultivate openness.

To be precise, business ethics is the art and discipline of applying ethical principles to examine and solve complex moral dilemmas. Business ethics proves that business can be and have been ethical and still make profits. Till the last decade, business ethics was thought of as being a contradiction in terms. But things have changed, today more and more interest is being shown to the application of ethical practices in business dealings and the ethical implications of business. Business ethics is that set of principles or reasons which should govern the conduct of business whether at the individual or collective level.

Ethical business has only helped organisations to improve their brand equity and image. A good example would be Johnson and Johnson. The way it conducted itself in the wake of the Tylenol drug controversy was laudable. It had to withdraw massive stocks of drugs from various

pharmacies and druggists and suffered huge loses running up to \$100 million. The effort that went into recalling all the stocks from the retail outlets was mind-boggling. Ultimately, Johnson and Johnson came out triumphantly with its image enhanced even further when the public realised that it was not its fault. Johnson and Johnson were lavished with praises and the grateful public gave it an overwhelming support. The company regained its standing and also made up for its losses in a very short time.

### Ethical Issues in Human Resource Management

Ethical issues in management have been accorded high priority by many forward-looking organisations since long. However, these issues have received added importance because of emergence of corporate governance in management throughout the world including India. From management, ethical issues have percolated to functional areas including human resource management. Ethical issues in management and HRM are in the form of business ethics which refers to a set of moral principles that should play significant role in guiding the conduct of managers and employees in the operation of any organisation. These moral principles help in deciding what is right or wrong action. The implication of ethics is that only right actions should be taken and wrong actions should be avoided.

In HRM, ethical issues emerge virtually in all functions as manipulators try to find out ways for unethical practices everywhere. An illustrative list of ethical issues in five broad functions of HRM is given below:

- 1. HR Acquisition:** In HR acquisition, unethical practices may be in the form of giving exaggerated narration of organisation and job in job advertisement and giving unrealistic Job preview to attract candidates, discriminatory selection to benefit certain persons based on religion, caste, gender, or any other criterion not

related to job performance, discrimination in placing employees in the organisation, etc.

2. **HR Development:** In HR development, unethical practices may be in the form of showing Preference to certain groups of persons in putting on fast track career path, sending the persons for training programmes specially those organised by outside agencies, etc.
3. **Performance and Compensation Management:** In performance and compensation management, unethical practices may be in the form of appraising certain persons on the criteria which are not objective and related to job performance, offering higher initial compensation and subsequent pay rise to non-deserving persons to favour them, giving incentives and benefits much higher in comparison to job performance, and so on.
4. **Motivation and Maintenance:** In motivation and maintenance, unethical practices may be in the form of providing false information to employees to affect their views on employee-related matters, offering alternative work schedule options to certain favoured employees only, practising pseudo participation just to impress employees, lack of adequate measures for safety, promotion to underserving employees to favour them, unnecessarily infringing privacy of employees, sexual harassment, and so on.
5. **Industrial Relations:** In industrial relations, unethical practices may be in the form of adopting penal actions against those employees who might be efficient but not obeying the unethical orders of higher ups, instigating some employees to form trade union just to weaken the recognised trade union, victimisation of trade union leaders, and so on.

### Need for Ethics in Human Resource Management

A basic question emerges very frequently: is there really a need for ethics in HRM when unethical practices in the society have become almost rules than exceptions? At least operationally, this question is justified because those who opt for unethical practices stand to gain though in short term only. However, need for ethics in HRM can be justified both theoretically and operationally. Theoretically, ethics is justified if we take it in terms of action and counter action. This suggests that any action which is undesirable will not be effective in the long term because there will be counter action which will negate the earlier action. Thus, unethical action will bring temporary result only. Operationally too, ethics is justified as those organisations which adopt ethical HR practices are in a better position to attract and retain talent. Thus, in the contemporary society, need for ethics in HRM is due to the following reasons:

- **Moral Consciousness:** Every Individual is morally conscious. Since an organisation is a collectively of individuals for certain specified objectives, it tends to behave ethically. Organisations tend to feel that their long-term survival depends on ethical behaviour and any unethical behaviour is a short-term aberration. Because of this feature, there is a proverb. Honesty is the best policy in the long term'.

- **Credibility:** Ethical behaviour helps in building credibility of an organisation. Credibility of an organisation is an essential phenomenon because through it, the organisation protects its identity. Identity of an organisation refers to what it is and what kind of perception people have about it. Credibility of the organisation depends on trustworthiness, transparency, and honesty. For an organisation, building credibility is a long-drawn process but its tarnishing is a short one. High credibility can be maintained through continuous ethical behaviour.
- **Environmental Pressure:** An organisation is not an island in itself but is an organ of the society. Therefore, various organs of the society put pressure on the organisation to behave ethically. For example, unethical HR practices may be checked by union concerned; employees of the organisation which adopt unethical HR practices may leave it; and so on. Because of this in-built control mechanism of the society, there are more chances of ethical behaviour and less chance of unethical behaviour. However, the effectiveness of this in-built control mechanism depends on its relative force which, in turn, depends on the social structure.
- **Legal Pressure:** Ethical behaviour evolves from the social system. Thus, ethical behaviour is evolutionary. In this evolution process, there is a possibility that, sometimes, it may not be clear whether a particular behaviour is ethical or unethical. In order to avoid this dilemma, most of the societies enact laws which define ethical and unethical behaviour. These legal provisions are of mandatory nature. In HR, there are numerous legal provisions related to -how to deal with employees.

### Inculcating Ethics in Human Resource Management

Looking at the need for ethics in HRM but prevalence of unethical practices in the society. Organisations have to take steps for inculcating ethical practices in HRM for their long-term Interests. Various means that an organisation can use to inculcate ethics in HRM are as follows:

- **Top Management Approach:** Top management approach regarding ethical practices in the organisation sets the tone for ethical practices in general including HRM. There are some organisations which give very high importance to ethical practices and adopt strict measures to control unethical practices. For example, Wipro's chairman has formulated values and beliefs to govern individual and company relationships with the highest standards of conduct and integrity. These values and beliefs are adhered to by all even in compelling reasons for unethical behaviour. Anyone found short on integrity front is discharged from the organisation irrespective of his position. There are many other organisations and business groups in India which have set such ethical tone and top management has provided this tone.
- **Code of Conduct/Ethics:** Various associations and organisations formulate code of conduct/ethics to be followed in conducting various practices including HR practices. For example, National Institute of Personnel Management has formulated a code of ethics that its

members have to follow in making and implementing HR decisions. Similarly, individual organisations formulate code of conduct/ethics which contains provisions regarding various practices including HR practices. For example, Reliance Industries has formulated very comprehensive code of ethics for various activities which include work ethics, personal conduct, and health and safety environment also.

- **Ethics Training:** Organisations which are serious in infusing ethics in various areas including HRM undertake training programmes to make their employees aware about ethical standards and how these standards can be maintained. Sometimes, ethical dilemmas emerge that contain uncertainty in defining ethical/unethical practices because of lack of obvious differences between the two. Through ethics training, such dilemmas can be resolved easily. In order to make ethics training programmes effective, it is desirable that top management involves itself in the programmes so that the participants are impressed about the seriousness of ethics. Further, such programmes may be conducted by internal personnel with suitable and required inputs from external consultants. Involvement of internal personnel in changing employee behaviour having moral implication is more effective than its alternative.
- **Whistle Blowing:** Organisations may have effective system of whistle blowing to curb unethical practices. In this system, organisational members are encouraged to report upward about the unethical practices committed by any member. However, whistle blowing may work effectively only when culture of the organisations supports the system. In its absence, whistle blowers are likely to be punished which may discourage them from such whistle blowing.

### **Role and Responsibility of HR Professionals in Changing Environment**

In the context of changing environment led by globalisation, liberalisation, and technological advances, the role of human resources in creating and sustaining competitive advantage for organisations has changed drastically. With the result, the role and responsibility of HR professionals have changed. Their changed role and responsibility are to focus on strategic HR issues, designing and taking proactive actions, developing integrated HR system, working as change agent, and marketing HR's potential contribution. Let us discuss what aspects are involved in these.

#### **Focus on Strategic HR Issues**

In this changing environment, there is a high need for focusing on strategic HR issues; functional/operational issues will emerge out of these. The earlier practice of HR has been to put emphasis on functional/operational issues. With the result, HRM has not played its role meaningfully and it was accorded the status of almost a second-class citizen in organisations. Now, the situation is quite different. HRM has to play significant role in corporate strategic management. Therefore, strategic HR issues have to be identified and dealt with adequately. A strategic HR issue is one that has long-term implications for HR practices as well as for the organisation as a whole.

One way of identifying strategic HR issues is to align HRM with strategy of the organisation and then, to look at the HR issues which are critical to implementation of the organisational strategy. Not only that, HRM can even contribute to formulation of organisational strategy by showing how an ensuing strategy will be facilitated through the effective utilisation of human resources.

Focusing on strategic HR issues has one basic in-built advantage in that it frees the top-level HR professionals from undertaking functional/operational issues which can be taken care of at comparatively lower levels or can be outsourced, a new practice in HRM.

#### **Proactive Actions**

In order to counter environmental challenges, HR professionals have to take actions on proactive basis rather than on reactive basis. Taking actions on proactive basis involves identification of likely changes in factors affecting HR practices, designing actions to meet the requirements of the likely new scenario, and putting those actions in practice before any issue becomes a problem for the organisation. As against proactive actions, reactive actions are taken in the light of the actual change in factors affecting HR practices. The process goes like this: change takes place in a factor, creates problem for the organisation, HR professionals make efforts to tackle the problem. This process of tackling a problem in HR area becomes quite costly for organisations. For example, because of changed environment, if an organisation faces high rate of employee turnover and it devises strategies to minimise employee turnover rate, it will lose precious talents, its reputation in the human resource market will go down, and it will become difficult for it to attract talents.

For taking actions on proactive basis, HR professionals need to keep themselves abreast with the contemporary HR practices on global basis. They have to interact with what is happening outside their own organisation; rather than looking inwardly, they have to develop the liking for looking outwardly too.

#### **Developing Integrated HR System**

In order to meet environmental challenges, HR professionals must develop integrated HR system. An integrated HR system is one that has well-balanced subsystems continuously interacting among themselves. Since in most of the organisations, HR functions emerge and work on incremental basis, there is often a lack of coherence in the functions. In incremental approach, decision making is basically meant for problem solving rather than going for new opportunities. When a problem emerges, it is solved. When this problem becomes of recurring nature, a new section is created. This process goes on resulting in creation of several sections and sub-sections within a department without caring for how these sections and sub-sections contribute to each other and for the department as a whole.

As against the above, in an integrated system, each subsystem is designed keeping in view how it contributes to total HR system; how various subsystems interact among themselves to contribute positively to each other; their placement and resources allocated match with their contribution to HR system; and their roles and norms are specifically prescribed. With the result, HR system contributes much more positively to organisational

effectiveness as compared to any of the alternative arrangements.

### Working as Change Agent

In this dynamic environment, HR professionals must work as change agent in the organisation. A change agent is one who perceives the need for and initiates change. Because of changing environment, organisational change has become a more recurring issue. Such changes may be either of minor nature happening on regular basis and brought about by internal organisational personnel or of major nature necessitating the help of external consultants. In both these cases, HR professionals have to play active role as any organisational change has some HR issues involved, and without tackling HR issues, no organisational change will be effective.

For managing minor organisational change, organisation's internal personnel are sufficient to take up the various issues in which HR professionals concentrate on HR issues. However, in the case of major organisational change-like designing a new course of strategy which has very low linkage with the existing strategy or organisation development, external consultant is required. He diagnoses the problem, analyses its root causes, and suggests suitable actions. This process takes long time in which internal personnel also work as internal change agents. HR professionals have to work as internal change agents on HR issues in such a case. However, they do not have authority over those who are likely to be benefitted by organisational change. Given the characteristics of organisational life, HR professionals must negotiate, persuade, and mobilise human resources of the organisation. To achieve this goal, HR professionals, as change agent, must possess two critical skills ability to take risk and outstanding communication skills. Besides these, they must also have:

1. Diagnostic skills to identify the problems.
2. behavioural skills for breaking impasses and forces interrupting change, and
3. Attitudes of acceptance.

### Conclusion

Human resource management is a critical function within organisations, responsible for recruiting, hiring, training, and managing employees. However, this essential role also presents various ethical challenges. One of the primary ethical challenges in human resource management is ensuring fair treatment and equal opportunities for all employees, regardless of their background, gender, race, or any other characteristic. Additionally, maintaining the privacy and confidentiality of employee information poses ethical dilemmas, especially in the age of digital data storage and management. Another significant ethical consideration is the responsibility of HR professionals to create a safe and respectful workplace environment, free from discrimination, harassment, and retaliation. These challenges demand a thorough understanding of ethical principles and values, as well as the development and implementation of sound ethical policies and practices within the human resource management framework. In addition to the ethical challenges mentioned, another significant consideration in human resource management is the issue of employee compensation and benefits. Ensuring that employees receive fair and equitable compensation for their work is a critical ethical responsibility for HR

professionals. This includes addressing issues such as gender pay gaps and disparities in remuneration based on factors unrelated to job performance.

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