

# Ethics in Human Resource Management

**T. Vijayakrishnan\***

Ethics are based on morality, although both are not the same. Morality consists of a set of values to judge what is right and what is wrong, while values can be said as degree of conviction about the way to conduct life. Every action taken by the HRM will be held irresponsible if they do not comply with the ethical standards. As it is important for employees to adhere to ethics, it is equally important for the HRM to build the standards for ethics. The codes of ethics include explicit standards of rules to be followed and corporate values statements. Explicit standards define precisely acceptable and unacceptable conduct such as accepting gifts and the amount allowable while Corporate Values Statement describes the core values the company wants its employees to adhere including how employees should treat one another and how employees should treat customers and stockholders. Let us now look at ethics in HR management.

## **Ethical Concerns in HRM**

Enactment of labour laws and the growing work place litigation may intensify the

preoccupation of Human Resource (HR) specialists for demonstrating procedural fairness in their practices. This paper's central claim is that regulation and escalating litigation can encourage an employee relations environment where HR practitioners and line managers alike place emphasis on adhering to processes developed to demonstrate moral neutrality as a means of defending managerial decision making.

I will argue that this results in a heavily "proceduralised" approach which can be at the cost of investing in interpersonal relationships that are more conducive to positive employment relationships. Issues of fairness in HR processes will be explored from the perspectives of line managers, HR specialists and, to a lesser extent, of individuals at the receiving end.

I will draw upon one core function of HR where the management should concentrate HR ethics while taking appropriate decisions.

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\* The author is a practicing professional in the field of Human Resource Management for the last 22 years. He did his MBA from Bangalore University in the year 1988. He is having wide exposure in working with Electronic sector, manufacturing sector and service sector. He is also associated with various Management Associations. He is currently heading the Human Resource Department of Sree Narayana Institute of Medical Sciences, Kochi.

## Concepts of Organizational Justice and Human Resource Management

To examine perceptions of fairness in human resourcing processes requires a consideration of organizational justice theory. Fair treatment has been identified as an important ingredient in encouraging employee commitment. Fair treatment breeds “helpful citizenship behaviour that go beyond the call of formal job duties.”

The ability to demonstrate fairness in employment procedures has grown in organizational importance not only in terms of avoiding rule violation but also because of its influence on the likelihood of an individual claiming unfair treatment.

### Unethical business environment can :

- ◆ Demotivate individuals
- ◆ Make good employees leave the company
- ◆ Attract unethical employees
- ◆ Lead to the lack of trust by the employees for the company

### The HR Specialist’s Responsibility for Organizational Justice

The responsibility for keeping the organization out of trouble and away from employment tribunals frequently lies in the hands of the HR specialists, which results in them having a major stake in employees’ perceived fairness of outcomes . This can reinforce an organizational role for the HR function of providing ethical leadership which in turn supports a focus on the consistent application of good practices. The most tangible means

of achieving this is through the development of procedures which address the range of human resource activities.

Human Resource Management is a process of bringing people and organisations together so that the goals of each are met. It tries to secure the best from people by winning their wholehearted cooperation. In short, it may be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organisation in an effective and efficient manner. The following are some of its features:

- i. **Pervasive force:** HRM is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organisation.
- ii. **Action oriented:** HRM focuses attention on action, rather than on record keeping, written procedures or rules. The problems of employees at work are solved through ethical policies.
- iii. **Individually oriented:** It tries to help employees develop their potential fully, and encourage them to give their best to the organisation. A systematic process of recruitment, selection, training and development coupled with fair wage policies promotes motivation..
- iv. **People oriented:** HRM is all about people at work, both as individuals and groups. It tries to put people on assigned jobs in order to produce good results. The resultant gains are used to reward people and motivate them toward further improvements in productivity.
- v. **Future-oriented:** Effective HRM helps an organisation meet its future goals by

providing for competent and well-motivated employees.

- vi. **Development oriented:** HRM intends to develop the full potential of employees. The reward structure is tuned to the needs of employees. Training is offered to sharpen and improve their skills. Employees are rotated on various jobs so that they gain experience and exposure. Every attempt is made to use their talents fully in the service of organisational goals.
- vii. **Integrating mechanism:** HRM tries to build and maintain cordial relations between people working at various levels, thus integrating human assets in the best possible manner in the service of an organisation.
- viii. **Comprehensive function:** HRM is, to some extent, concerned with any organisational decision which has an impact on the workforce or the potential workforce. The term 'workforce' signifies people working at various levels, including workers, supervisors, middle and top managers. It is concerned with managing people at work. "It is basically a method of developing potentialities of employees so that they get maximum satisfaction out of their work and give their best efforts to the organisation". (Pigors and Myers)
- ix. **Auxiliary service:** HR departments exist to assist and advise the line or operating managers to do their personnel work more effectively. HR manager is a specialist advisor. It is a staff function.
- x. **Inter-disciplinary function:** HRM is a multi-disciplinary activity, utilising

knowledge and inputs drawn from psychology, sociology, anthropology, economics, etc.

There are some important areas where the HR Head should be vigilant in applying the HR Professional Ethics. These areas are :

- ◆ Clear, fair and transparent HR policies and procedures
- ◆ Professional integrity in the practice of policies and procedures
- ◆ Developing Code of Ethics for the company and create awareness
- ◆ Manpower Planning & Recruitment
- ◆ Selection, Induction and Placement
- ◆ Develop mutual trust, respect for each other
- ◆ Team Work and wellbeing of all
- ◆ Performance Management
- ◆ Incentives & Motivation
- ◆ Training, Development & Retention of employees
- ◆ Grievance Procedure & Disciplinary actions
- ◆ Exist Interviews & Separations

According to me there are some ethics to be followed by both the employee and the employer. They are :

### **Employees - employers, right and responsibilities**

All personnel including managers, supervisors, shop floor workmen who are on the roll of the company are employees. They have right to work, get adequate remuneration; offer criticism and suggestions; participate in discussions, have work quality and healthy and

safe working conditions, have compliance with labour contract, form association and strike work and to have their privacy and normal family life. Employees also have their responsibility towards customers, shareholders and society and organizational growth. It is the employer's responsibility to ensure that no discrimination for recruitment for hiring exists and offer fair compensation for work, consult employees and accept their criticism without repression; provide improved quality of work, guarantee safe and healthy working conditions; demand standard productivity for enhancing productivity, respect union presence and activities, and have work oriented code of conduct.

According to me H R professionals should administer the above functions through professional HR Ethics. Such ethics are more important in the area of Grievance Procedure & Disciplinary actions. I therefore give more important in this write up for professional ethical approach in awarding punishments through the **grievance redressal system**.

### **What is a grievance ?**

Every employee has certain expectations which he thinks must be fulfilled by the organisation he is working for. When the organisation fails to do this, he develops a feeling of discontent or dissatisfaction. When an employee feels that something is unfair in the organisation, he is said to have a grievance.

According to Jucius, a grievance is "any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable."

The ILO classifies a grievance as a complaint of one or more workers with respect to wages and allowances, conditions of work and interpretations of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, job assignment, and termination of service.

When the employee feels that injustice has been done to him, he has a grievance. For example, wage hike has been agreed but not implemented. Grievance could arise from any form of discontent or dissatisfaction with any aspect of the organisation. Some grievances are, however, imaginary due to wrong perception, wrong attitude or wrong information. There are disguised grievances arising out of dissatisfaction for reasons that are unknown to the employee himself/herself. This may be due to pressure from family, friends, relatives, or neighbours. In other words, grievance should be traceable to perceived non-fulfillment of one's expectations from the organisation.

Grievances may occur for a number of reasons:

- 1. Economic:** Wage fixation, overtime, bonus, wage revision, etc. Employees may feel that they are paid less when compared to others.
- 2. Work environment:** Poor physical conditions of workplace, tight production norms, defective tools and equipment, poor quality of materials, unfair rules, lack of recognition, etc.
- 3. Supervision:** Relates to the attitudes of the supervisor towards the employee such as perceived notions of bias, favoritism, nepotism, caste affiliations, regional feelings, etc.

**4. Work group:** Employee is unable to adjust with his colleagues; suffers from feelings of neglect, victimisation and becomes an object of ridicule and humiliation, etc.

**5. Miscellaneous:** These include issues relating to certain violations in respect of promotions, safety methods, transfer, disciplinary rules, fines, granting leave, medical facilities, etc.

The following are some of the distinct advantages of having a grievances handling procedure:

- i. The management can understand the employees' feelings and opinions about the company's policies and practices. It can feel the 'pulse' of the employees.
- ii. With the existence of a grievance handling procedure, the employee gets a chance to ventilate his feelings. He can let off steam through an official channel. Certain problems of workers cannot be solved by first line supervisors, for these supervisors may lack the expertise that the top management has, by virtue of their professional knowledge and experience.
- iii. It keeps a check on the supervisor's attitude and behaviour towards their subordinates. They are compelled to listen to subordinates patiently and sympathetically.
- iv. The morale of the employees will be high with the existence of proper grievance handling procedure. Employees can get their grievances redressed in a just manner.

### **Guidelines for Handling Grievances**

The following guidelines may help a supervisor while dealing with grievances. He need not follow all these steps in every case. It is sufficient to keep these views in mind while handling grievances .

- i. *Treat each case as important* and get the grievance in writing.
- ii. *Talk to the employee directly.* Encourage him to speak the truth. Give him a patient hearing.
- iii. *Discuss in a private place.* Ensure confidentiality, if necessary.
- iv. *Handle each case within a time frame.*
- v. *Examine company provisions* in each case. Identify violations, if any. Do not hold back the remedy if the company is wrong. Inform your superior about all grievances.
- vi. *Get all relevant facts* about the grievance. Examine the personal record of the aggrieved worker. See whether any witnesses are available. Visit the work area. Find out where things have gone wrong and who is at fault.
- vii. *Gather information* from the union representative, what he has to say, what he wants, etc. Treat him properly.
- viii. *Control your emotions,* your remarks and behaviour.
- ix. *Maintain proper records* and follow up the action taken in each case.
- x. Be proactive, if possible. Companies like VSP, NALCO actually invite workers to

ventilate their grievances freely, listen to the other side patiently, explain the reasons why the problems arose and redress the grievances promptly.

## Conclusions

This highlights a particularly acute dilemma for the HR practitioner which is heightened by an increase in employment regulation. In promoting the consistent application of processes designed to demonstrate equal rights in all employment practice, the scope for adjusting the rules to *Balancing Employee Rights and Care for the Individual* can be diminished.

Ethics can be overlooked or underestimated in attempts to maximise the “no difference” approach in HR practices. An undeveloped theme in the organizational justice literature is the impact of the quality of interpersonal treatment on perceived fairness, . Despite blaming excessive levels of rules and regulation for limiting their opportunities to exercise discretion, the reality was that all but the most experienced managers had a preference, in practice, for prescribed processes that reduced their responsibilities for decision making. It was seen as less time-consuming and also as reducing their accountability if things went wrong. Furthermore, there was a reluctance of line managers, also commented to take on personnel responsibilities that are seen as part of the specialist function’s role and a questioning of the wisdom of doing so in the light of the increasing legal complexity of many employment issues.

HR’s role in ensuring the observance of employee rights within the organization could

thus be driven by interests of self-preservation rather than any abiding concern to provide ethical leadership. A more optimistic scenario is that it could provide real opportunities for new approaches to resolving individual grievances and problems. One possibility is that, as the costs of litigation escalate, there will be a return to recognising the value of internally resolving individual differences. This would provide an opportunity for line managers and HR specialists alike to develop and hone their skills of conciliation, mediation and arbitration which would encourage a greater sensitivity to individual perceptions of fairness within the workplace.

To conclude, the case studies’ findings contained two essential messages for the architects and implementers of HR policies. One message is the importance of developing processes which meet the requirements of procedural justice and equality of treatment. The second one is that management behaviors in the application and interpretation of organizational rules have a significant impact upon individual perceptions of fair processes, which should be reflected in management training and development interventions. For the majority of employees, a perception of *Balancing Employee Rights and Care for the Individual* empathetic management with a greater sensitivity to their individual needs could lead to a greater tolerance when mistakes do occur. The likelihood of individuals seeking redress for alleged injustices through external mechanisms could reduce if it is perceived that there are genuine internal attempts at the level of their individual manager to address personal concerns.