CHAPTER - FIVE
ETHICAL ISSUES IN
HUMAN RESOURCE
MANAGEMENT
# CHAPTER – 5

**ETHICAL ISSUES IN HUMAN RESOURCE MANAGEMENT**

**SYNOPSIS**

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1. THE OVERTURE:

‘Ethics’ is a fine word to listen about. But it is a hard nut to crack when comes to practicing it. Whether it be an individual, business, society, nation, government or a professional, ethics has its own significance. It is immortal, universal and significant in all walks of life. Business or corporate world cannot be an exception to this.

A corporate mission, vision, goal or motto is based on ethics. The administrative approach to goal fulfilment of modern organisations depends on adequate contribution by every department of the organisation, whether, it is marketing, production, human resource or finance.

The researcher intends to cover the implication of ethics associated with some issues in HRM of business organisation. An attempt is made here to clarify the concept of ethics, to understand and analyse the situation due to which, the development of concern with such a delicate matter has become more relevant to day.

2. ETHICS : WHAT DOES IT PURPORT?

As per the Webster’s dictionary., ethics is the study of standards and conduct of moral judgment. It is a moral philosophy and the system of code of morals of a particular philosopher, religion, group or profession.
3 Why Ethics in HRD?:

Ethics is not a cosmetic of life. It has to be an inherent quality of an individual, whether in business or society for various reasons described below. Ethics is important to business in general and HR manager in particular.

(1) Ethics is a need: To be ethical all through life is a wish of everyone. This is a fundamental need of a human being after the satisfaction of physiological needs. He lives to be ethical at home and also at the place of work. He endorses the fact that the decision taken by him, as a part of his duty, might affect number of people. Over and above this, he, as an HR manager wants to be a proud employee of that organisation which is highly respected and adored in the business world. Then why not adorn that organisation by his ethical acts. This feeling, far and wide, forces organisations to go ethical.

(2) Public image: Organisation with quality products and services, enjoy superlative position compared to their competitors. An organisation which is perceived by public as honest, considerate and ethically responsive receives greater patronage from public. To attain this status, organisations prefer to follow set norms.
(3) **Values: the cementing force**: Values are symbols of acknowledgement. When employees feel and accept that management is value-driven and value-oriented, they start respecting it. The credibility of management is raised to a highest degree. The employees understand management’s desire and whole heartedly cooperate in creating common goals, values and language. The lacuna between management and employees is shortened to minimum.

(4) **Facilitates decision making**: Adoption of values and ethics in management helps, a great deal in making better decision. While taking any decision, because of being value-driven, management will take care of every aspect and impact. It will become a normal practice of taking decisions which are in the interest of employees, customers, shareholders and the company itself.

(5) **Ethics and profits walk hand in hand**: Value motivated companies are most likely to lose money initially. But, having passed through a certain stage, such companies turn successful in long run. Such companies will be accepted as torch-bearers and model companies.

(6) **Low limits, Ethics enthuse**: Ethics is that thread which keeps and binds society together. Law and law maker or government cannot protect society. Government cannot
regulate undesirable and harmful activities. Management which is proactive can take steps to save environment through preventing pollution and thereby protect worker’s health even before enactment in that respect.

(7) Contribution to human welfare: Every business is an important unit of larger economic system which aims at enhancing human welfare in the society.

(8) Protection of social interest: By guaranteeing and maximising economic interests and well being of people, the social interest is protected by business.

(9) Recognition of neighbors and competitions: This is possible for a company which endorses due cognizance to its ancillaries and competitors. It stems out of the principle of co-existence and united functioning.

(10) Respect to Employees: An Ethics-driven HR manager would accept and recognise the role of employees in business operations. They form an integral part of the business system.

(11) Balancing all stake holders interests: Regardless of any department, people employed therein can make difference. They as a team, can help through the HR
manager, the management of company to strike a balance among the interests of share holders, customers, employees, suppliers, competitors, financial institutions, government authorities and public. In short, it is like drawing a demarcation line between the economic interests of the organisation and social interests of the country.

4. THE ETHICAL ISSUES IN HRD:

4.1 Job Design, Restructuring and Lay offs:

Job design as a regular course of action, does not involve any ethical issue as such. The redesign of job, as a part of restructuring of an organisation, sometimes includes laying off employees and downsizing of the staff. It is relevant also because of inferior administration and unemployability of particular employee/s.

The job design alternatives encompass job redefinition, job simplification, job change, job enlargement, job enrichment, job autonomy, flex time, core teams, employee empowerment and de-jobbing. Below is the scant narration of each of these.

( I ) Job Redefinition: On account of change in management style or adoption of new technology the need for redefining job arises. It affects integrity of some employees.
(II) **Job Simplification** : As a result of new technological innovations and extensive use of computers and electronic gadget the work of an employee gets over-simplified. This gives birth to boredom and develops tendencies among employees to commit errors while working. They think of leaving their jobs. The unethical part of the story is over simplification of job itself.

(III) **Job Change** : Job change is a kind of job rotation. Sometimes, employees feel it disgusting. The unethical issue here is that chances of improvement of jobs are diminished. The employees experience dejection and alienation.

(IV) **Job Enlargement** : It is presumed that job enlargement is a source of motivation to an employee. But more often than not, it turns fatiguing also to him. This is an ethical issue.

(V) **Job Enrichment** : This appears to be reasonably ethical because it instigates employees and increases the level of zeal and zest of an employee. It however, might hurt the feelings of those who are deprived of job enrichment because of one reason or the other.

(VI) **Job Autonomy** : This is an ethical option, provided it is not resorted to by manager to shirk his own responsibility. Job autonomy will result into these work teams which can
freely participate in decision making, planning, coordinating and controlling their activities.

(VII) **Flex Time**: This is a sort of freedom endowed to employees to use their time at work flexibly. This also includes time-in and time-out. This is an ethical consideration.

(VIII) **Core Teams**: These are high performance teams. They are given complete freedom as to their duties and responsibilities. It encourages team members to become more punctual, efficient, effective, creative and innovative.

(IX) **Employee Empowerment**: This act of management involves taking steps to develop employee through helping him acquire skill and knowledge of an area in which he has aptitude. This is in addition to his regular job.

(X) **De-jobbing**: Organisation under the changed liberalised business environment, have to be more competitive and sharp-edge cutting. De-jobbing is cutting down overstaffing and at the same time concentrating on development of more committed employees.

The job design options which exhibit potential to benefit both organisation and the employees are considered ethical.
4.2 Human Resource Planning:

In a simple language, human resource planning is an HRM process of moving from current manpower position to the desired manpower position of an organisation. It is in a way, an act of making sure that the organisation is not placed in the state of either overstaffing or understaffing. Both situations are trouble making.

According to Leon C. Megginson, human resource planning is "an integrated approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organisational objectives and satisfy the individual needs and goals of the organisational members."9

Thus, the purpose of human resource planning is to ensure sufficient and timely supply of well trained and developed employees with adequate level of motivation to fulfil both organisational and individual goals. At prima facie, no ethical issue looks to have been involved in case of human resource planning. Albeit, it can also put organisation at sea if not done correctly and thereby raise ethical issues. Morally, it is ethical to plan human resource for the future benefits of an organisation. But, if some mistake is committed intentionally or otherwise, it can sink the ship. e.g. A company while executing merger and acquisition, firmly holds a policy of making no change in the manpower.
Situationally, most of the employees of both the companies merged, had 20 per cent of the staff exceeding 50 years of age. Eventually, 10 years later or so, this company will badly face the problem of shortage of skilled and experienced workforce.

4.3 Recruitment:

Recruitment is an act on the part of an organisation to look for prospective employees and stimulate them to apply for the post falling vacant. The purpose of recruitment is to increase the number of candidates per job opening.

The recruitment sources are mainly two, (a) Internal sources, and (b) External sources. Internal sources include present and past employees, dependents of retired, deceased, and disabled employees. The incidence of heavily depending on internal sources for filling job vacancies in organisations is gradually decreasing. Traditionally, it was justified because of such advantages as, employee buoyancy, commitment, ease and simplicity, good industrial relations, organisational acquaintance, good terms with trade unions and humanitarian considerations. Employees recruited through such sources were also easily controllable because of previous linkages.

Notwithstanding, owing to the gush of globalisation and lead of liberalisation the world-wide competition has engrossed business and industry. This situation has changed the recruitment outlook altogether. It demands for highly
qualified, skilled, talented and competent personnel. Due to such shortcomings of internal sources as traditionalism, pragmatism, inbreeding etc., the flow of flash blood is restrained which could hamper the organisational growth and development. The organisations, therefore, have started recruiting people from external sources.

External sources principally include floor recruitment directly from universities, academic institutions, professional and technical institutes, both private and public employment agencies, walk-in interviews and tele recruitment.

The ethical considerations to be made at this juncture are mainly two:

(a) To what extent is it just and fair to replace internal employees, since they were working for many years with the company.

(b) Is it moral to man the position by external recruitee by depriving and at the cost of promotion of those who had welded with the company and have been working since long? Is it not going to attack on their right of career planning? Who is responsible for this? They themselves or the company? These and many other questions shoot up.

On the other hand, the demand for highly competent and skilled workers is on upsurge. If this is not taken care of systematically, it will hammer on future of the organisation.
The quality of products and services and the image of the organisation will be in danger. This is an ethical dilemma on the part of HR manager.

The settlement of this issue lies in the fact that all endeavours should be made to look for employees with potential for changed job descriptions from within and they should be trained, oriented and developed for promotion. In case if it doesn't work, then it should think of recruiting employees from outside. At the same time, recruiting unsuitable candidates with poor performance record is unethical from organisational interest point of view. Thus game plan for organisation should be"“Don’t discharge your responsibilities towards your employees, if you could not discharge responsibilities towards yourself.” It is of course, ethical.

4.4 Selection:

This is a corollary of recruitment. Selection is an act on the part of a candidate to get an offer for appointment. At the same time, the HR manager also has to do lot of home work to make it meaningful. Selection succeeds recruitment. It is a multi-layer process of matching job description and specifications with candidate’s specifications, skills, knowledge and qualifications. In short, it is a process of choosing the best and thereby dropping the rest.
The important issues involved in selection procedure may be stated as under.

(a) Matching a job with person or vice-versa
(b) Role of outside pressures in selection of wrong ones
(c) Selecting more than required number of people

The cardinal principle of HRD is matching an employee with his job and vice-versa. This indeed is a difficult proposition. There lies the role of HRD manager. Selecting a candidate to the job is a common acceptable practice. But turning it around is considered to be an unethical practice. This is very common in Indian polity.

Likewise, sometimes, candidates who do not possess requisite qualification, have to be selected because of pressures exerted by bureaucrats and politicians from outside in case of public undertakings and from industrial strong holders in private sector as well. Such pressures exist in the same organisation also. This is purely unethical.

Selecting more than required number of people is also unscrupulous in that, it will be a burden on organisational resources. In India such vintage and peculiarities are common, leading to national wastage. Many organisations pre-select candidates even before the actual selection exercise.

4.5 Performance Appraisal:

In a common parlance, performance appraisal is a process of evaluating the performance of an employee in
relation to set standards and norms. It is assessing the worth of an employee to an organisation. This is an area where there is a great deal of likelihood of existence of ethical dilemmas. Normally, an employee’s performance is examined through observation and judgment. The ‘what’ and ‘how’ of his performance are checked. This means both his output and behavior are scrutinised in performance evaluation.

Since the rater and ratee both are human beings, chances of errors are many. Knowingly or otherwise, an injustice is made to candidate. This is an ethical dilemma. Entry of human element makes the process questionable. Ethics therefore, should be the mainspring of performance appraisal. The primal objective of appraisal should be to arrive at the most honest, sincere and trustworthy assessment of performance of employees. Central tendency, halo effect, mirror personality etc. will lead to unethical tendencies. e.g. underrating a man who belongs to a particular race, religion, village, community or a group is unethical.

Superfluous reporting of his traits to employee is also unfair and unjust. This will impede his personal growth and organisational development. Making a choice of right method of appraisal is equally essential when it comes to ethics.
4.6 Dealing with Trade Unions:

Trade unions have their representation in organisations through employee membership. They work for justice to their member workers. They disregard anomalies in wages, welfare and promotions. The HR manager, to solicit active union support in industrial operations, have to develop friendly relations with union leadership. Hitherto, such interrelatedness of union and factory management is a common phenomenon.

4.7 Training and Development:

Training is a process of enhancing employee’s knowledge about his job. It is different from education, learning and development. Training is a process of learning a sequence of programmed behavior. It is application of knowledge. It gives people an awareness of the rules and procedure to guide their behavior. It attempts to improve their performance on the current job or prepare them for an intended job.

More precisely, training is imparted with a view to developing skills of workers in their respective jobs. Training is concerned with skill development. It answers ‘how’ i.e. how to carry out a particular task is the function of training. Etymologically, education answers ‘what’. i.e. it gives knowledge about a particular subject or discipline. It is more formal. It clarifies concepts and throws light on fundamentals. It is normally catered in schools and colleges.
Development is an ongoing process. It is the result of education, learning and training. It is a life-long and river ending process. Learning is more generic in nature. What begins in cradle and ends in crematorium, is learning.

Management development is an organised and programmed process. Managers and executives are helped to develop their managerial skill and ability through management development programmes. Management development helps achieve the objectives of individual development of managers and consequently ensure overall organisational development.

Employee training and development are a must for modern industries which are working in the environment of market economies, complex technology, redesigned organisational structures and personal aspiration of employees.

The training ritual begins with identifying training needs on such bases as customer complaints, lower output, poor quality, supervisors readings and observations, increased wastage and scrap, increase in number of accidents, poor state of industrial relations, indifferent behavior of employees and adoption of new technology with a plan for expansion and diversification.

The HR manager has to plan accordingly for training and chalk out training programme to administer the desired training to a particular group of personnel. All this is ethical.
Even in the sphere of training and development, we can notice a variety of circumstances where an HR manager encounters ethical dilemmas. They are listed below:

(i) When training programme is implemented as a routine training requirement by HR Manager.

(ii) When training need of employee is identified on the basis of a single or nebulous factor.

(iii) When there is absence of relativity between training purposes and training output.

(iv) When the trainees consider attending training programmes merely as a change and a medium of gaining pleasure.

(v) When there is absence of feedback on training

(vi) When training is considered as an instrument of individual growth by employees.

(vii) When training programme has been ‘finished’ and not ‘completed’.

(viii) When training infrastructure is not fully utilised.

(ix) When a trainer comes unprepared and completes his task in a hampy campy manner.

(x) When trainers are selected for training programme under pressure of favoritism or nepotism.

(xi) When the feedback about the training programme is featured as ‘dull’ ‘monotonous’ and ‘useless’.

These and several other circumstances will stamp the training and development of organisation as has been
influenced by ethical dilemmas, because here also, the ultimate responsibility is that of an HR manager.

4.8 Career Planning and Development:

In HRD and organisational context, organisation stands to serve people and not the people do stand to serve organisation. It is but true that none without the other is satisfactorily accomplished. This highlights the role of organisation in planning, facilitating and building the career of its employees.

Career planning is a process by which an individual or organisation determines career goal for oneself or employees with the path or route to reach those goals. Human resource is considered as an asset of organisation.

When an individual joins an organisation he has in his mind the goals to improve his prospects, through promotions and positions of higher responsibilities and greater challenges. He has dreams of reaching the top in his particular line of activity. Here stems the responsibility of organisation with which he has been serving for many years. Organisation has to provide opportunity for career planning and play the role of a facilitator to help him walk up the ladder and fulfil his goal. Neither of them can become complacent about growth. If this so happens, and an employee feels suffocated for the want of elevation in hierarchy, the HR manager is said to have been facing ethical dilemma.
If an employee disregards such opportunity and turns down better career, he is doing injustice with himself.

4.9 **Promotion:**

Promotion is a vertical upward placement of an employee with increased responsibilities, improved status and quite often higher pay. There are two popular bases for promotion, viz. (1) Merit and (2) Seniority. The basis of merit is preferred by management because only skillful, worthy and meritorious employee can shoulder higher level responsibility after being promoted. The employees who are capable and competent also like merit as a basis for promotion. However, unions advocate basis of seniority in the interest of workers. But this is obviously at the cost of both organisational interest and the interest of skilled employees who are more competent than the senior ones.

Whereas, in government and public organisations the basis of promotion is seniority, the private sector organisations endorse merit as a ground for promotion. If the organisation practices the policy of seniority as a basis, it is ethical on the part of a company to promote someone that way. Sometimes a compromise is made by adopting merit – cum – seniority basis. But it cannot completely match employee skills with the job descriptions.

Ethical dilemma is involved when, under the cover of merit, some one is promoted at higher level at the fancy of a manger.
4.10 Transfer:

Transfer is a lateral or horizontal movement of an employee from one position to another without involving any major change in his duties, responsibilities, assignments, status and pay. It is adopted frequently in the wake of the organisation’s policy. Transfer appears to be of three types, viz. employee requested transfers, company initiated transfers and public demanded transfers.

The employee requested transfers take place on request made by employee due to some personal reasons. The company initiated transfers are done as a part of routinical job and organisational requirements. The public demanded transfers occur in the light of public opinion especially in public enterprises and utility concerns.

If the transfer is resorted to, in pursuit of organisational policy, without fervor or favor, it is ethical. But if it is handled as a punitive action prejudicially, it is unethical. Sometimes, transfer is made on the basis of favoritism or nepotism.

4.11 Absenteeism:

Absenteeism is an act of abstaining from work on a regular basis by an employee. It is a habitual practice of such an employee to stay away from work. Absenteeism may be classified as authorised absenteeism, unauthorised absenteeism, intentional absenteeism and circumstantial absenteeism. Of these authorised absenteeism is ethical and
lawful. The rest are unethical because they are ultra vires the interest of either the absentee or the organisation. If the absenteeism is based on some excuses or the authorised person is involved in giving undue favor to the accused, such absenteeism is of course, unethical.

4.12 Employee Turnover:

Previously, the organisations viz-a-vis employees believed in the philosophy of developing ‘family culture’.

This means they were serious about longevity of tenure of employees for many many years. This belief was based on the principle of ‘reciprocity of interests’. It was held that the permanency of employee’s tenure would increase his skill, knowledge, experience and commitment and that will ultimately pay rich dividends to the organisation. It was also beneficial to the organisations for they had spent and invested sizeable amount of money for their training, development and welfare.

But with the passage of time, the picture has changed. The change in technology, systems, structures and people’s attitude at a faster rate has been phenomenal at present. The present generation of employees has a quest for faster growth. They have an inclination to change their jobs and shift from one organisation to another. Their goal is a prosperous career. Organisations also offer handsome pay packages to such employees and never mind some one
quitting them. The information technology and software industry are noticing this, across the world. Whether, this creates any ethical dilemma is a matter of deliberations.

4.13 Wage and Salary Administration:

This is a very important area of concern from our point of view. It is equally important to both an employee as well as employer. Wage or salary paid to an employee is a principal source of satisfaction of his basic and higher order needs. Over and above livelihood for the self and family, it provides recognition, sense of accomplishment and social status.

The ethical issues associated with salary and wage administration are mentioned below.

(i) Paying same remuneration to one who is serious, sincere and hardworking and also to one whose contribution is least.

(ii) Loss suffering company being expected to declare bonus.

(iii) Paying at different rate to man and a woman doing the same kind of work.

(iv) Getting an employee signed on full pay and actually paying him less than that.

The ethical issues discussed above are not exhaustive but illustrative. The HR manager may be dabbled in other real life situations as well. As an employee of some
organisation, he has to apply his discretion and get out of ethical syndrome.

The National institute of Personnel Management has carved code of ethics for its members which is given in Appendix – 1.8.
REFERENCES:
5. Ibid.