CHAPTER – II

REVIEW OF LITERATURE
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Ethics is the discipline that examines one’s moral standards or the moral standards of a society. Ethics is a word derived from the Greek word ethos. It refers to the conduct or character.

The simplest way of defining ethics and moral values would be to not distinguish between the two and say that they describe what is ‘right’ and what is ‘wrong’ in human behavior, and what ‘ought to be’. It would be pointless to get into a sophisticated, hair-splitting and often contradictory wordplay on the subtle differences between different words used in the subject: morality and ethics, moral philosophy, meta-ethics, ethics and applied ethics and so on. The actual ‘is’ could be vastly different from the normative ‘ought to be’, both of which can be measured objectively. Sociologists like Durkheim (1957) and Jackal (1988: 4-5) have in fact adopted this pragmatic approach of giving adequate importance to the ‘is’ to understand ethics, as it has greater scope for observation and measurement.

Economists of the Chicago school (Becker 1964) imply that ethical administration should view human beings entirely as animals who can be subjected to psychological manipulations through the legal systems of rewards and penalties. There are two main reasons why such a simplistic understanding is not true to life. An initiator of action begins with an inventory of moral values. These get converted to intentions for action, which then get articulated as actual
behavior. All such behavior results in consequences to oneself as well as to others; they either damage or enhance the values of the affected person. However, this may not always correspond to one’s intentions.

**Figure 2.1: Causal Chain in Ethics**

| Value | Intention | Behaviour | Consequence |


This causal chain is fraught with uncertainty at every link, which can result in varying consequences emerging from the same set of moral values. Conversely, similar consequences can also result from varied moral values (Michalos 1995:10)

The first lesson in ethics is to learn to see life as it is, without bitterness or expectations. Once one recognizes that it is a delightful drama of contradictions one can go about moulding it to what it ‘ought to be’.

Chakraborty (1996) found that ethical violations occur when individuals, organizations, professional and societies fail to deal with basic values like honesty, justice and a clear definition of what is right and wrong.

Goodpaster (1995) speaks of the ‘DNA’ feature of ethical values, representing the descriptive, normative, and analytical nature of ethical discussions. This can also be described as the ‘is’, ‘ought to be’ and ‘why’ of ethics. The pursuit of pleasure was considered an ethical value by Epicurus (1926) of ancient Greece, Charvaka of the Lokayata school of ancient India (Chattopadhyaya 1989), Bentham and Mill of 19th century of England, and modern philosophers like the
British Bertrand Russell (1930) and American John Dewey (1920). Importantly, they did not perpetrate lasciviousness, self-indulgence and depravity. Western ethical thinkers, strongly wedded to Aristotle and Plato and subsequently steeped in feudalism, were oblivious to the greed of the ruling classes for power and the suffering they caused to the common man. Western descriptions have scientific and empirical moorings; Indian thinking is rooted in its intuitive and spiritual traditions. But on closer analysis, this liberal modernity of the West can be surprisingly close to Indian religiosity (Pande 1991: 15).

According to Anthony (1995), practicing managers are ahead of management educators in grasping the essentials of the subject. To go along with this view would perhaps be going too far. But it is good counterpoise to an implicit and somewhat misplaced belief in magical solutions and tools of analyses offered by moral philosophers and teachers of business ethics.

The academic debate on business ethics mainly concentrates on the social and ecological responsibility of companies within the society. Ethics are regarded as crucial in the external self-presentation and public perception of (economic) organisations. The model of ‘enlightened self-interest’ of business claims that only those companies can be economically successful which manage to convince their stakeholders of their moral integrity. According to the model, the implementation of ethical standards lies in the self-interest of companies (Freeman, 1984 and Wheeler and Sillanpaa, 1997).
As some authors state in recent publications, ethics also become more and more an internal concern of organisations. Whereas formerly the interests of employees were ignored or only regarded as one of several stakeholders’ interests, the “ethical management of employees” (Winstanley and Woodall 2000a: 5) itself gains in significance. Johns (1995:32) states that “the time for ethical leadership has come”. Especially human resource management (HRM) plays a decisive role in introducing and implementing ethics. The work outlines some aspects of ethics in HRM. It sketches ethical concerns that emerged in recent HRM debates, and reflects the viewpoint that ethics should be a pivotal issue for HR specialists. A number of ethical frameworks and their application in HRM policies and practices are reviewed. Here, the focus is mainly on barriers and obstacles to introducing ethical standards in HRM activities. Finally, some first steps to putting ethics into HRM practice are outlined.

2.1 Ethics in the business environment

Concern with standards must be seen in the current context of business processes. The present society is a complex one which is both morally and culturally diverse. Therefore, the key drivers and features of this complexity can be identified as:

- Globalisation of markets and labour forces (‘McDonaldisation’);
- Intensification of both competition and monopolies (‘Coca Colonisation’);
- Paradigmatic changes in technology and the application of IT, creating new opportunities, but also new dilemmas over communication,
surveillance and privacy;

- Rapidly increasing rates of product innovation, obsolescence and demand;
- Aggressive marketing and the use of celebrities by the media;
- An escalation of materialist values and the commoditization of everything, even education;
- Increased isolationism, individuality and world-weariness, often demonstrated by cynicism, sarcasm and mockery, with a disregard for traditional values and any form of authority;
- A rise in secular concerns – but also a concern with a loss of spirituality.

Against this background, management style and management ideology has undergone great change. New organisational forms and new ways of managing, including the emergence of more flexible working patterns, have come into force. During this era, HRM has become more strategically focused and more concerned with facilitating the achievement of organisational goals.

Winstanley and Woodall (1996) highlight a number of ethical concerns about standards of HR practice, arising from this strategic focus. These include:

- Increased job insecurity – arising from ‘flexible’ work practices; short-term and temporary conditions of employment; fear of job loss due to outsourcing and off-shoring; increased stress; and a widening imbalance of power between management and workforce;
- Increase in surveillance and control – this ranges from the use of
psychometric tests to electronic surveillance of work patterns through the application of Information and Communications Technology (ICT);

- Deregulation – freedom of the market place has been imposed by global regulators such as the World Trade Organization, and has led to what Storey (1993) has termed: ‘impatience with rule’ and ‘can-do outlook’ amongst line managers, which in practice may be seen to push HR into compromising ‘good’ practice, for business needs. In professional services organisations, for example, fee-earners may be challenged to decide between ‘doing good’ and ‘doing well’;

- Aligned to this is a decline in management integrity, leading to accusations of recourse to rhetoric and deceit among HR professionals. For example, the current emphasis on managing organisational culture and commitment of employees can be contrasted with a highly instrumental approach to the supervision of the employment contract.

In this context, it becomes most relevant to examine the ethical dimension of HRM practice. In what ways can HRM be ethical and/or unethical? Are there guidelines and principles that all HR professionals ought to follow and adhere to? How can we judge what a good course of action might consist of in a specific situation?

However, it is simplistic to consider HRM as a coherent and unitary set of principles and practices. It varies from organisation to organisation, from culture to culture, and can be diverse both within and between industries and sectors. It
has evolved in complex historical, economic and social contexts.

The current global operation of business creates extraordinary interactions of values and practice. HRM is a feature of both the public, private and voluntary sectors, and management practice differs accordingly. It is argued (Winstanley and Woodall, 2000) that HRM holds the moral ‘stewardship’ of organisations. It is interesting therefore to consider the special role of HRM in the generation of an ethical and moral climate in organisations in general.

Some scholars like Sekhar (2002) look at the relationship between law and ethics from a ‘holier than thou’ perspective. They give example to support their view: ‘We give better specifications in our products than the Indian Statistical Institute (ISI)’, ‘We give better perquisites to our workers than prescribed in the Minimum Wages Act,1948’, ‘We take back goods from the customer even if law is categorical that sales once made are final,’ and so on.

The 2000 NBES (National Business Ethics Survey-2000) finds much that is encouraging for organizations that are putting their efforts into workplace ethics. For example, employees have high expectations for ethics within their organizations. More than nine in 10 respondents say that they “expect their organizations to do what is right, not just what is profitable.” This finding suggests that most employees are not so cynical about ethics at work.

2.2 The Ethical Nature of HRM

According to Johnson (2003) all human resources practices have an
ethical foundation and human resources deals with the practical consequences of human behaviour.

Sekhar (1997) says that if we know the consequences of our actions, we can convert values into rules of behavior that can then be described as ethics. To convert this statement into a formula—*values plus knowledge equals ethics*.

The entire concept of HRM is devoid of morality (Hart, 1993: 29). Despite these moral appreciations of human resource management, there is a strong tradition in business that insists that business should not be concerned with ethics. As Milton Friedman (1970), a vociferous proponent of this position has put it as the social responsibility of business is to its shareholders, and according to him business is business. Therefore, 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.

Brown (2003) pointed out in his book that entrepreneurs academics and researchers and management professionals have all expressed the view that standards of behavior within business need to be evaluated, and improved. And he stated much of the recent focus on business ethics has been directed against financial corruption, especially a concern with accounting standards. But concern has been raised over a very broad range of issues, for example:

- Abuse of the world’s physical resources, and the global ecological balance (Esso);
- Abuse of human rights (Shell/Nigeria);
- Animal rights (KFC, McDonald's);
- Aggressive treatment of competitors (WalMart)
- Jagmeet Channa, HSBC Holdings was charged with conspiracy to defraud, money laundering and abusing a position of trust.
- Harshad Mehta is the main accused in India’s biggest securities scam which undermined India’s reputation and adversely affected the FIIs and FDIs.
- Padmashri Ramesh Gelli, the Chief of the Global Trust Bank had to pay the price for financial irregularities in the Bank in the Ketan Parikh Securities Scam which brought down the bank itself resulting in hardships
to its customers and depositors; it was later merged with Oriental Bank of Commerce.

- Satyam Computer Services, a leading Indian outsourcing company that serves many of the world's biggest companies, massively inflated its earnings and assets for years. Chairman and Co-founder Ramalinga Raju confessed to showing cash and bank deposits that were non-existent, intentional overestimation of $1.4 billion in the value of the company's assets throwing the entire industry into turmoil. Raju described a small discrepancy that grew beyond his control. "What started as a marginal gap between actual operating profit and the one reflected in the books of accounts continued to grow over the years. It has attained unmanageable proportions as the size of company operations grew," he said. "It was like riding a tiger, not knowing how to get off without being eaten," he said.

The avalanche of corporate accounting scandals and transgressions are a major concern confronting the HR Manager today. As Philip Pullman says, “As soon as men who believe they’re doing God’s will get hold of power, whether it’s a household or a village or in Jerusalem or in Rome itself, the devil enters into them.”

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;
- The use of disputed and dubious practices in hiring and firing of personnel.

It has been shown in the study of Schramm (2004) that just as consumers’ perception of the ethics of a company can affect sales, so the views of its investors will affect its share price. Similarly, the study has been suggested that poor standards of conduct emanating from the top management affect employee motivation and commitment to organisational goals.

Notwithstanding the strong technology base, industry finds that the current HR practices are no longer able to cope with the demands of the present day working environment. They find better people and not merely better technology is the surest way to success. It is necessary therefore to develop the human competencies properly to meet the emerging challenges. Industry not only needs competent human resource but an ethically strong workforce at all levels.

The prosperity and progress of an economy are largely dependent on the social norms of a country. The citizen’s attitude towards work, their level of mutual trust, standards of ethics and social norms form the foundation for economic activity and prosperity of the society. But in the emerging scenario all the above are changing. Strategic HRM (SHRM) has to keep pace with these changes to emerge stronger. SHRM system should come forward and monitor
the social changes and show their readiness to adapt to new priorities and to reconstruct their structure. The unprecedented pace of technology in global scenario makes it imperative to initiate and speed up changes in the SHRM system as expeditiously as possible. It should be focused on and oriented towards high value and productive employment opportunities. With falling standards in ethical human behavior at all levels, ethics and value systems would need to be ingrained at the individual and corporate/board level. Ethics is a core discipline of business and an essential competency for the next generation of managers.

The Ethics Resource Center annually conducts a National Business Ethics Survey (NBES) – a rigorous telephone survey of 1,500 U.S. employees. The NBES findings are encouraging for organizations that have an emphasis on positive workplace ethics. For example, employees have high expectations for ethics within their organizations. Nine in ten respondents say that they expect their organizations to do what is right, not just what is profitable.

This suggests that most employees are not cynical about ethics at work, encouraging news when considering the implementation or development of ethics initiatives as the long term success of any program rely on the active support of employees.

Formal ethics programs and informal ethics practices were shown to affect certain key outcomes. Employees who work in companies with active ethics programs who observe leaders modeling ethical behavior, and also observe the
application of values such as honesty, respect and trust applied frequently at work, report more positive experiences that include the following:

- Less pressure on employees to compromise ethics standards
- Less observed misconduct at work
- Greater willingness to report misconduct
- Greater satisfaction with their organization’s response to misconduct they report
- Greater overall satisfaction with their organizations
- Greater likelihood of “feeling valued” by their organizations

The key question of ethical centrality for today’s managers and leaders in India from two divergent perspectives. Domination of global economic logic as the central theme gives rise to organizational prioritization of away from the ethical core and it inevitably leads to serious consequences for people, institutions and society. In addition, the idea that managers have responsibilities extending beyond this economic logic needs to be the central theme of organizational sustainability. The societal, organizational and individual level ethics and social responsibilities are not easily distinguished especially in countries like India. The internal policies, procedures and administrative behavior often reflect the values of the managerial elite.

In his study Fernando (2009), pointed out Indian organizations have received widespread negative rankings in various global, regional and national surveys on corporate integrity and managerial probity in recent decades. He
stated that in 2004, the Corruption Perception Index of Transparency International ranked India very low (90 out of 146 countries) with a score of 2.6 out of 10. This is quite a depressing picture given that China had been ranked a much a cleaner ethical context with a ranking of 71.

Ethical intervention of human resources has not been given the degree of importance it deserves. This will engage the HR managers in the coming decade. Ethically rich human capital can contribute positively to the healthy growth of the organization. SHRM should search ways for Corporate Ethical Philosophy as an important Corporate Mission. Corporate governance must ensure best Corporate Ethical Philosophy.

Value based HR practices cannot be unidirectional aimed only at the workforce. It has to encompass the entire organization cutting across all levels. For instance, if as a risk mitigation, all employees are required to take compulsory leave for two weeks consecutively every year, then this should be respected by the CEO as well and should proceed on two weeks leave every year.
SHRM should look at the Human Development i.e., a life entity which has a feeling that it grows. In other words, SHRM should look at developing human values. The biggest challenge for human resource development is balancing the body, mind and soul. It has to encompass physical, mental, emotional and spiritual dimensions.

Despite the perceived ethical lapses of particular companies or industries, there are many indicators that ethics is evolving to provide exciting opportunities for organizations, leaders and talent managers. The organisations are shifting to a stage where ethics is understood in a more holistic framework with an intersecting connection between the employee and consumer. This connection happens at the brand level - how that brand is perceived by those who purchase products and services and those who make up the organization's workforce.

1. Ethical organizations build marketplace loyalty

Consumers are more likely to buy products and services if they are provided by companies that also promote and commit to the social good - improving the circumstances of people, the earth and its resources.

2. Ethical organizations attract talent

It may be in a state of high unemployment, but organizations still want the best of the best. And the best employees are still valuable in the marketplace. Social good acts as a magnet for many stars and emerging leaders from younger generations.
3. Ethical organizations engage employees, promoting retention and higher levels of productivity

People feel proud when their brand stands for something beyond traditional ideas of profit and sales. Craig Dinsell (2005), Senior Vice President of human resources at OppenheimerFunds, agrees that a commitment to ethics builds market place loyalty. In his words the organization has earned the trust of the millions of investors who have chosen them to protect and grow their wealth. Their corporate values are the foundation of their business, and they define and influence the behaviors, attitudes and philosophies that guide their company. They are deeply committed to their corporate and ethical values and believe that their success measured not only by what they achieve - but how they achieve it.

Dinsell also shows the connection to Oppenheimer Funds' brand as an employer. According to him, their employment brand was an extension of their company's brand - 'the right way to invest'. Their ethics program, and the policies, procedures and behaviors that support their corporate values, are critical components of their business strategy. Because of this, employees view Oppenheimer Funds as more than a workplace - it's a place where they feel comfortable investing their careers.

The above said two points of evidence of the move toward a commitment to ethics are the increasing numbers of companies that have corporate social responsibility programs and sustainability programs. Corporate social responsibility efforts incorporate ethics within organizations to create alignment between the public good and business operations. This often includes
demonstrated commitment to social causes whereby the organization provides resources for specific events or opportunities.

But true corporate social responsibility involves a more integrated effort, where business operations, employee decisions and causes endorsed by the organization are part of an effort to drive a cultural vision. Sustainability is similar in that it attempts to bring together an integrated focus on planet, profit and performance. Here, organizations commit to green ways of working that are measured, rewarded and proven to drive profit.

2.3 Ethics and Talent Management

In the age of ethics, talent managers can provide significant value, deepening an organization's capability to commit to social responsibility and practice what it preaches. Some ideas include:

1. **Incorporate ethics and values-based leadership qualities within competency models**

   One must be careful since many ethical notions, such as courage and integrity, are difficult to measure and validate. Competency models that include notions linked to social responsibility can provide significant value to every aspect of leadership and promote more effective teamwork.

2. **Create development experiences that are embedded within the current work that leaders and employees undertake**

   Ethics is typically taught through case studies, but employees' current working challenges provide incredible scenarios with which to learn how to
operate in line with one’s values while leveraging capabilities. While action learning can be effective for leadership development when offered in a programmatic manner, such as high-potential development, it is even more effective if presented within intact teams so that they can wrestle with real challenges together in light of competing values, ideas and strategies.

3. Integrate social causes within the learning and development space

Building ethical organizations involves specific work with the leaders who represent the firm and act as champions of its culture. Because of this, focus on developing leaders’ ethics is essential. McCarthy (2009) said that the way an organization embraces values is represented by the ethical behaviors of its leaders. They have done that by building awareness, educating leaders on best practices and holding them accountable in a consistent way.

Oppenheimer devotes specific training experiences to ethics. Dinsell said that they work each day to build and maintain an organization that customers and shareholders trust and employees are proud to be a part of. They view their individual and shared ethical responsibilities as more than compliance and regulatory duties - they are foundational to their culture and their products, (Human Capital, 2011).

2.4 The Indian Ethos

Cambridge Advanced Learner’s Dictionary defines Ethos as “the set of beliefs, ideas, etc. about social behaviour and relationship of a person or group”
while Oxford Advanced Learner’s Dictionary defines it as “the moral ideas and attitudes that belong to a particular group or society”. Indian Ethos is all about what can be termed as “national ethos”.

Ethical theory as it has evolved over time can hardly be credited with having determined action. Society has often found ways to cope with emerging situations, and theory has evolved as a process of legitimizing practice. It was therefore that there are strong situational overtones in ethical theory. So was it in India. Indian theory and practices, ignoring its several inequities, often faced this issue squarely, even brutally, through caste-based ethics Sekhar (1997).

Formally, the body of knowledge which derives its solutions from the rich and huge Indian system of ethics (moral philosophy) is known as Indian Ethos in Management (IEM). Is IEM some kind of Hindu concept of management? Certainly not. Management is behavioral science and it has to be culture specific. IEM has as its basis, the culture base of India and as a country whose culture has its roots in religion - it does draw its lessons from the religions of the land - be it Hinduism, Buddhism, or any other.

Chakraborty (1991, 1993a, 1995a) has made useful efforts to establish a relationship between Vedic and Buddhist values and ethics. He says: ‘As the consciousness in the individual---in his/her equation with Nature, with the Infinite, with the Adorable Energy, with Brahman---begins to ascend holistic heights, a major outcome becomes evident in the sphere of his/her relationship with others’ (Chakrabory 1995a: 43).
Indian thinking has always attempted a holistic approach which leaves very little of ethics or values which are not also relevant to business. Some writers in the West who describe themselves as belonging to ‘the school of post-modernism in business ethics’ recognize the need for such an approach (MacIntyre 1981, Johnson 1993, Mangham 1995).

**Figure 2.2: The Triumvirate of Indian Values**

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<thead>
<tr>
<th>Satyam</th>
<th>Shivam</th>
<th>Sundaram</th>
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<tbody>
<tr>
<td>Truth</td>
<td>Welfare</td>
<td>Beauty</td>
</tr>
<tr>
<td>(Ethics)</td>
<td>(Economics)</td>
<td>(Aesthetics)</td>
</tr>
</tbody>
</table>


Over many centuries India has absorbed managerial ideas and practices from around the world. Early records of trade, from 4500 B.C. to 300 B.C., not only indicate international economic and political links, but also the ideas of social and public administration. The world’s first management book, titled ‘Arthāshastra’, written three millennium before Christ, codified many aspects of human resource practices in Ancient India. This treatise presented notions of the financial administration of the state, guiding principles for trade and commerce, as well as the management of people. These ideas were to be embedded in organisational thinking for centuries (Rangarajan 1992, Sihag 2004). Increasing trade, that included engagement with the Romans, led to widespread and systematic governance methods by 250 A.D. During the next 300 years, the first Indian empire, the Gupta Dynasty, encouraged the establishment of rules and
regulations for managerial systems, and later from about 1000 A.D. Islam influenced many areas of trade and commerce. A further powerful effect on the managerial history of India was to be provided by the British system of corporate organisation for 200 years. Clearly, the socio cultural roots of Indian heritage are diverse and have been drawn from multiple sources including ideas brought from other parts of the old world. Interestingly, these ideas were essentially secular even when they originated from religious bases.

In the contemporary context, the Indian management mindscape continues to be influenced by the residual traces of ancient wisdom as it faces the complexities of global realities. One stream of holistic wisdom, identified as the Vedantic philosophy, pervades managerial behaviour at all levels of work organisations. This philosophical tradition has its roots in sacred texts from 2000 B.C. and it holds that human nature has a capacity for self transformation and attaining spiritual high ground while facing realities of day to day challenges (Lannoy 1971). Such cultural based tradition and heritage can have a substantial impact on current managerial mindsets in terms of family bonding and mutuality of obligations. The caste system, which was recorded in the writings of the Greek ambassador Megasthenes in the third century B.C., is another significant feature of Indian social heritage that for centuries had impacted organisational architecture and managerial practices, and has now become the focus of critical attention in the social, political and legal agenda of the nation.

One of the most significant areas of values and cultural practices has
been the caste system. Traditionally, the caste system maintained social or organisational balance. *Brahmins* (priests and teachers) were at the apex, *Kshatriya* (rulers and warriors), *Vaishya* (merchants and managers) and *Shudra* (artisans and workers) occupied the lower levels. Those outside the caste hierarchy were called ‘untouchables’. Even decades ago, a typical public enterprise department could be dominated by people belonging to a particular caste. Feelings associated with caste affairs influenced managers in areas like recruitment, promotion and work allocation (Venkatratnam & Chandra, 1996). Indian institutions codified a list of lower castes and tribal communities called ‘scheduled castes and scheduled tribes’. A strict quota system called, ‘reservation’ in achieving affirmative equity of castes, has been the eye of political storm in India in recent years. The central government has decreed 15 per cent of recruitment is to be reserved for scheduled castes and a further seven and half per cent for scheduled tribes. In addition, a further 27 per cent has been decreed for other backward castes. However, the liberalization of markets and global linkages has created transformation of attitudes towards human resource (HR) policies and practices. Faced with the challenge of responding to the rationale of Western ideas of organisation in the changing social and economic scenario of Indian organisation, practitioners are increasingly taking a broader and reflective perspective of human resource management (HRM) in India.
2.4.1 Value of Context of HRM in India

The managerial ideologies in Indian dates back at least four centuries. Arthāshastra written by the celebrated Indian scholar-practitioner Chanakya had three key areas of exploration, 1) public policy, 2) administration and utilisation of people, and 3) taxation and accounting principles (Chatterjee 2006). Parallel to such pragmatic formulations, a deep rooted value system, drawn from the early Aryan thinking, called Vedanta, deeply influenced the societal and institutional values in India. Overall, Indian collective culture had an interesting individualistic core while the civilization values of duty to family, group and society was always very important while vedantic ideas nurtured an inner private sphere of individualism.

There has been considerable interest in the notion that managerial values are a function of the behaviours of managers. Dhingra and Agarwal (1974) were early scholars who contended that managerial values were critical forces that shape organisational architecture. The relevance of managerial values in shaping modern organisational life is reflected in scholarly literature linking them to corporate culture (Deal & Kennedy 1982), organisational commitment and job satisfaction (O’Reilly, Chatham & Caldwell 1991), as well as institutional governance (Mowday, Porter & Steers 1982). Thus, understanding the source of these values and in particular societal work values (which link the macro-micro relationships and in turn organisational practices) had become a popular line of enquiry, and a great deal of evidence has been presented to support the
importance of national culture in shaping managerial values. One of the most widely read formulations of this literature is the seminal work of Hofstede (1980) who popularised the notion of clustering culture in generic dimensions such as power distribution, structuring, social orientation, and time horizons. In turn, these dimensions could be employed to explain relevant work attitudes, job incumbent behaviours and the working arrangements within organisational structures. Two of these dimensions were individualism and collectivism.

Chatterjee & Pearson (2000) have pointed out that the traditional social ethos from the ancient roots, which was developed over centuries, underwent profound transformation during the British rule. Consequently, in the contemporary context multiple layers of values (core traditional values, individual managerial values, and situational values) have emerged. Though the societal values largely remain very much anchored in the ancient traditions they are increasingly reflecting corporate priorities and values of global linkages. But in the arena of globalisation where priorities of consumerism, technological education, mass media, foreign investment and trade union culture predominate, newer tensions are becoming evident. For instance, contemporary Indian multinational companies and global firms in India have started shifting their emphasis to human resources with their knowledge and experience as the central area of attention in extending new performance boundaries (Khandekar & Sharma, 2005). Considerable research evidence attests to this trend with particular relevance to green field organisations with little or no historical baggages in their organisational culture (Sett 2004, Roy 2006).
Within Indian traditions the choice of individualistic or collectivistic behaviour depends on a number of culturally defined variables. The dynamics of these variables are underpinned through three key elements guiding Indian managerial mindscapes. These three constructs are *Desh* (the location), *Kaal* (the timing), and *Patra* (the specific personalities involved). Sinha and Kunungo (1997) claim that the interaction of these three variables determines the guidelines for decisional cues. This managing or nurturing of the outer layer of collectivism in an inner private sphere of individualism is expressed in Figure 2.1 which demonstrates the behavioural anchors in Indian organisational life.

<table>
<thead>
<tr>
<th>DECISIONAL CUES</th>
<th>SPIRITUAL ORIENTATION</th>
<th>INTERPERSONAL RELATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Desh</em> (place)</td>
<td><em>Sattava guna</em> (Virtue focus)</td>
<td><em>Sradha</em> (Upward respect / Loyalty)</td>
</tr>
<tr>
<td><em>Kaal</em> (Timing)</td>
<td><em>Tamas guna</em> (Negative focus)</td>
<td><em>Sneha</em> (Downward affection)</td>
</tr>
<tr>
<td><em>Patra</em> (Actors)</td>
<td><em>Rajas guna</em> (Action focus)</td>
<td><em>Bandhan</em> (Bonding)</td>
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Figure 2.3 also presents another powerful insight of the Indian tradition of the notion of ‘*Guna*’ dynamics. This culture based framework, which has three types of gunas (attraction), is being increasingly used in employee assessment and organisational team building strategies. The contention is that each guna is a separate contribution to the core of human personalities. The *Sattava* (or truth orientation) is the sentiment of exalted values in people, organisations or society.
Alternatively, the *Tamasik* guna depicts a negative orientation which can be expressed behaviourally as ignorance, greed or corruption. Those individuals with a *Rajasik* guna are inherently driven by a desire to make a worthwhile contribution to their surroundings. Collectively, these spiritual orientations, which manifest as Sattava, Tamas or Rajas gunas, articulate as positive or negative HRM functions such as leadership, motivation or other institutional behavioural activity. The third row of Figure 1 highlights the linking of HRM trends to socio cultural roots. The culture of *Sraddha* (upward loyalty) and *Sneha* (mentoring with affection) outline the behavioural anchors derived from the civilisational roots. The acceptance of ‘Sraddha' by youngers and the display of ‘Sneha' by the seniors have been the root of sustainability of all types of Indian organisations. This has a striking similarity to the concepts of ‘oyabun’ and ‘kobun’ in the Japanese cultural context.

The Indian tradition has a subtle understanding that whatever be the dialectics of ethical arguments, it has to be able to hold society together. As Kane (1969) notes, the word *dharma*, which also covers ethics, is derived from the Sanskrit root *dhr*, i.e., that which holds together.

The Chakraborty (1995) model bases itself on Vedantic concepts, the approach being solely from a personal ethical viewpoint. His model on ethical morality is briefly based on the four goals of human system:

- *Dharma* (rectitude and righteousness)
- *Artha* (money and wealth)
• *Kama* (desires and needs)

• *Moksha* (liberation of the spiritual cores)

He has posited the Rajarshi model of leadership, which seems to be his solution to the problem of actual or potential conflict between personal and societal ethical viewpoints. Striving for the pure mind ("*chittasuddhi*") should take precedence over intellect sharpening. The Bhagvat Gita says "Work must be done without personal claims to egocentric results (rewards) as the primary driving force". This is "*nishkam karma*". This leads to the spirit of work as an offering or worship which in turn leads to an awareness of the inner spirit core which is "*poorna*" or self-sufficient. The enrichment of the mind through nishkam karma is "*karmayoga*".

Also, Chakraborty emphasizes that man’s role in society has been conceived in terms of indebtedness in Vedanta. These indebtednesses are:

**Deva rin**: Indebtedness to supra human power for the gift of air, water, sight, speech, and so on.

**Rishi rin**: Indebtedness to the sages and rishis who, leading a life of utter self-denial, left us a priceless heritage.

**Pitri rin**: Indebtedness to parents and ancestors for their cumulative contribution to our present standing.

**Nri rin**: Indebtedness to humanity at large who have consistently done their bit to
make each moment of our existence a reality.

**Bhuta rin:** Indebtedness to the countless number of sub-human species for their incalculable gifts to our selves.

He also postulates that this leads to the consciousness of unity, ("ekatmanubhuti").

The classical Indian epic the *Mahabharata* addresses important questions about the character of our ethical lives. Das (2009) opines that the *Mahabharata* is about our incomplete lives, about good people acting badly, about how difficult it is to be good in this world. His assumption is that 'nature does not give a man virtue; the process of becoming a good man is an art'. Nevertheless, although human perfection may be illusory, *dharma* may be 'subtle', and there are limits to what moral education can achieve, the epic leaves one the confidence that it is in our nature also to be good. Goethe pointed out Long ago that the impersonal viewpoint within us produces a desire for goodness, fairness and equality, while the personal one wishes the opposite, seeking only one’s own gain, often at the expense of others, (Nagel 1991). This conflict between our divided selves underlies the dilemmas that are faced both by the epic’s heroes and by us.

The *Mahabharata* sees a vice behind every virtue, a snake behind every horse, and a doomsday behind every victory, an uncompleted ritual behind every completed sacrifice. The moral flaws of human beings makes the world full of vaishamya, ‘unevenness’, and bring about the nasty surprises that makes us vulnerable. The epic wonders if the wise can be relied upon to be authorities on
**dharma**: ‘intelligence appears differently in different men. They all take delight in their own different understanding of things’, (Matilal, 2002).

The concept of dharma evolved over time, its meanings shifting from ‘ritual ethics of deeds’ to a more personal virtue based on one’s conscience, (Fitzgerald, 2004). With the rise of yoga sects, Buddhism and Jainism, this meaning of dharma has changed to mean social harmony, the cultivation of an ethical self, and to actions required of all castes.

According to Bankimchandra Chatterjee, the Bengali writer, dharma flows from the ‘essence of man’, manushyatva, and imposes a moral obligation on each human being, (Antoine, 1953).

The Mahabharata could never be a ‘how to’ book given its ambivalence towards moral truth. It does suggest, however, that ‘being good’ is not a one-off event but a continuing attitude to life and other human beings. Miri (2003) points out that although dharma can be learnt, it is an inner ‘journey of self-discovery, overcoming self-deception’.

The Mahabharata reminds that it is natural and desirable for human beings to want happiness and pleasure as they seek to be good. Karma is one of the legitimate goals of human life. The notion of dharma from the Mahabharata is a plural one. Being plural makes greater demands on one’s reason, for human objectives sometimes conflict with each other, and this forces one to choose. The attraction of an ethical theory like Utilitarianism is that it attempts to resolve moral issues on the basis of a single criterion. Pluralism is more complex but no less rational.
Amartya Sen (2000), says that in the *Mahabharata*, Arjuna is a better model of ethical deliberation than Krishna, for he takes responsibility for the consequences of his actions. Arjuna cannot reasonably take a detached view of the consequences of his choice. Sen’s position of agent-sensitive evaluation is in contrast to the usual Utilitarian formula that the evaluation must be independent of the evaluator; he believes that moral responsibility demands *situated* valuation by agents.

The *Mahabharata* endorses the idea that moral perspective is arrived at when one is able to think beyond oneself, beyond one’s family and friends, and put oneself in the shoes of another. It says famously:

“*Let no man do to another that which is repugnant to himself.*”

The *Mahabharata* faces the dilemma of: ‘What if good persons, who have excellent reason to wage a war, can only win it by unfair means?’; as in the case of Krishna and the Pandavas. In that case, how can one think of them as ‘good persons’?

V.S.Sukthankar (1975), editor of the Pune Critical Edition of the *Mahabharata*, called Krishna a ‘cynic, who preaches the highest morality and stoops to practice the lowest tricks’. The epic’s characters are an ‘ineradicable mixture of good and evil’. Ramanujan (1999) says, ‘Both sides engage in good and bad deeds, and there is greatness on both sides.’ They are an expression of our ambiguous human condition.

The average person continues to link morality with religion, and this
makes the *Mahabharata’s* rational deliberations on dharma seem modern. Religion, of course, does not create moral ideas, but as Plato explained in the *Euthyphro*, it gives authority to moral rules that are already present.

The *Mahabharata*, like all good literature, is a conduit for expanding the mind and cultivating a moral sensibility. The moral temper of the *Mahabharata* is, thus, pragmatic. Its ideal is a world of sociable human beings who find reward in the nobility of character. This is closer to that of David Hume than of Immanuel Kant, the two philosophers who have most deeply influenced the modern ethical sensibility.

Gandhi, one of the most influential figures in modern social and political activism, considered these traits to be the most spiritually perilous to humanity.

- Wealth without Work
- Pleasure without Conscience
- Science without Humanity
- Knowledge without Character
- Politics without Principle
- Commerce without Morality
- Worship without Sacrifice
The Gandhian Model of trusteeship based on the Indian thought and ethos, states that the owners or managers of business or industry are to consider their wealth and assets as belonging to God and society and their personal property. They are to manage and handle these assets only as trustees and would be entitled to a reasonable amount needed for their sustenance out of the earnings of these assets as their remunerations.

Swami Vivekananda’s (1962) interpretation of Vedanta gives an insight to the ethico-moral values incorporated in Indian system. Ethics always says, "Not I, but thou." Its motto is, "Not self, but non-self." The vain ideas of individualism, to which man clings when he is trying to find that Infinite Power or that Infinite Pleasure through the senses, have to be given up—say the laws of ethics. You have to put yourself last, and others before you. The senses say, "Myself first." Ethics says, "I must hold myself last." Thus, all codes of ethics are based upon this renunciation; destruction, not construction, of the individual on the material plane.

He further states, “Renunciation is the very basis upon which ethics stands. There never was an ethical code preached which had not renunciation for its basis”.

Rabindranath Tagore had taught that self-abnegation leads to the fundamental reality of self – “the reality which is the moral and spiritual basis of the realm of human values.”
He advocates that, ‘The moral side represents training of unselfishness, control of desire; the spiritual side represents sympathy and love. They should be taken together and never separated’.

Aurobindo (1994) had proclaimed that ‘virtue comes to the natural man by struggle with his pleasure-seeking nature’, it is a mystery why most of us behave the way we do.

Indian thinkers share Aristotle’s practical view that a rational person may have knowledge but may not use it and do wrong knowingly. They believed that ‘people do, in fact, act against their moral convictions and this is an unhappy fact about ourselves’, (Matilal, 2002).

David Hume, the Scottish philosopher, argued that our moral sense originated in human sentiments, (Selby-Bigge 1902). Kant justified duty based on man’s humanity and reason, whereas earlier Western thinkers had appealed to ‘natural law’. They claimed that human beings have inside their nature a law or guide to what is right and wrong.

Jeremy Benthem (1049), based on his Utilitarian philosophy, judged an act to be ‘good’ or moral by the net amount of pleasure or happiness it produced. The great divide in ethical thinking is between those who judge an act based on its consequences versus those who judge it based on duty or some rule. The attraction of Consequentialism is its simplicity. Everyone is equal in the equation, whether a servant or master.
John Rawls (1971), points out elegantly the indifference of Consequentialism to considerations of distributive justice. He criticizes that it ignores the justice or fairness in the distribution of goods. It is indifferent to the needs of the weak and the poor as long as society’s overall satisfaction is maximized.

While the historical and traditional roots remain deeply embedded in the subjective world of managers, emphasis on objective global concepts and practices are becoming more common. Three very different perspectives in HRM are evident. Firstly, Indian firms with a global outlook; secondly, global firms seeking to adapt to the Indian context; and thirdly, the HRM practice in public sectors undertakings (PSUs). As the Indian economy becomes more globally linked, all three perspectives will move increasingly towards a cross verging strengthening.

Figure 2.4 presents the key drivers for contemporary Indian HRM trends. In Figure 2.4 there are four external spheres of intervention for HRM professionals and these spheres are integrated in a complex array within organisational settings. The intellectual sphere, which emphasises the mindset transaction in work organisations, has been significantly impacted by the forces of globalisation. Indeed, Chatterjee and Pearson (2000) argued, with supporting empirical evidence from 421 senior level Indian managers, that many of the traditional Indian values (respect for seniority, status and group affiliation) have been complemented by newer areas of attention that are more usually
linked to globalisation, such as work quality, customer service and innovation. The most important work related attribute of the study was the opportunity to learn new things at work. Such cross verging trends need to be understood more widely as practitioners face a new reality of human resource development of post industrial economic organisations.

**Figure 2.4: Drivers of Contemporary Indian HRM Trends**


The other three spheres, of Figure 2.4, namely the emotional, the socio cultural and the managerial domains are undergoing, similar profound changes.
For instance, the socio cultural sphere confronts the dialects of the national macro level reform agenda as well as the challenge of innovating by addressing the hygiene and motivational features of the work place. Consequently, this sphere, which is underpinned by the anchors of Sradha and Sneha, has the opportunity to leverage work setting creativity in dimensions of autonomy, empowerment, multi skilling and various types of job design. And the emotional sphere, which focuses on creativity and innovation to encapsulate the notions of workplace commitment and collaboration as well as favourable teamwork, brings desirable behavioural elements of transparency and integrity into organisational procedures and practices. The managerial sphere provides the mechanisms for shifting mindsets, for in Indian organisations HRM is viewed to be closely aligned with managerial technical competency. Thus, understanding of the relativity of HRM to strategic intended organisational performance is less well articulated in Indian firms. The current emphasis of reconfiguring cadres (voluntary and non-voluntary redundancy schemes), downsizing, de-layering and similar arrangements will become less relevant as holistic perspectives gain ground. A hallmark of future Indian workplaces is likely to be a dominant emphasis on managerial training, structural redesign and reframing of institutional architectures to achieve enterprise excellence. Thus, a primary role of Indian managers will be to forge new employment and industrial relationships through purposeful HRM policies and practices.

Interestingly, within the national context, India itself is not a homogenous entity. Regional variations in terms of industry size, provincial business culture,
and political issues play very relevant roles. The nature of hierarchy, status, authority, responsibility and similar other concepts vary widely across the nations synerging system maintenance. Indeed, organisational performance and personal success are critical in the new era.

2.5 Ethical issues in HRM

Currently, the topic of ethics is enjoying a surge in popularity among the media and corporate America. It is unclear if the reason for all the attention is “just for show” or if companies truly believe in the substantive benefits, which can be gained by facilitating an ethical context. However, by examining the negative consequences of unethical corporate cultures, as well as the benefits of ethical ones, it can be demonstrated that the action is what is important, not the motivation. Human resource systems may be a means to promulgating an ethical culture in that ethics pervade selection and staffing, performance appraisal, compensation, and retention decisions. Thus, human resource systems and ethical corporate cultures should be considered partners in the process of creating competitive advantage for organizations.

These include sensitive issues arising during recruitment, hiring, training, compensation, promotion, job assignment, job classification, counselling, rehabilitation, substance abuse monitoring, discipline, benefits, terminations or layoffs, or retirement.
Haydock (1996) believes that ethical recruitment should have the following features. Advertisements should contain full details and accurately reflect the realities of the job. No candidate should be called unless he/she satisfies the minimum criterion. Candidates should not be asked personal questions which have no relevance to the job. The reasons for the selection should be publically announced.

(Indian Express, 2003), Satyendra Dubey, was one of those rare young men who was completely and uncomplicatedly honest. He was working for National Highway Authority of India who probably never knew the world but died for simply doing the right thing. He was gunned down by the mafia in Gaya on early November 27, 2003 morning, nearly a year after he had complained of corruption on the Golden Quadrilateral project to the Prime Minister’s office. Knowing the dangers that surround honest people bucking the whole corrupt system, in his letter, Dubey had requested that his name be kept secret, a request that wasn’t honoured—the letter was sent from the PMO to the Ministry of Road, Transport and Highways and then to the National Highway Authority of India, with which Dubey was working as Deputy General Manager.

The act of blowing the whistle by an individual is sometimes considered as being disloyal to the organization or company that he or she is attached with. The generally prevailing view of the whistle blower within business, on the part of the management and colleagues, is that this person is a traitor to the organization (DeGeorge, 1985).
Marshal et. al (1979) opined that in the rational view of the firm, the employee’s main moral duty is to work toward the goals of the firm & avoid any activities that might harm those goals. To be unethical, basically, is to deviate from these goals to serve one’s own interests in ways that, if illegal, are counted as a form of “white collar crime “.

Hart (1993) has suggested that current HR practice falls short of Kant’s categorical imperative. In tough business contexts, policies seem to support the premise that everybody should behave towards their fellow human beings with the overriding objective of extracting added value. This has a relevance to HRM especially in selection interviewing, occupational testing, equal opportunities, whistle-blowing, etc. However, in general at the HRM level these approaches are not being completely applied because they are identified as not practical and not profitable for the organization.

HRM theorists have long grappled with the role of HR managers and whose interests they serve. A popular model exploring this question was developed by Storey in the late 1980s (Caldwell, 2003). Storey used evidence from case studies to describe HR managers as Advisors, Handmaidens, Regulators and Changemakers (Caldwell, 2003). The Advisor, Handmaiden and Changemaker roles were each concerned with servicing the interests of management in some way whereas the Regulator was more concerned with protecting employee interests by ‘formulating, promulgating and monitoring the observance of employment rules and industrial relations policy’ (Caldwell, 2003,
The dominant theory of more recent times has been developed by Ulrich (1998) who adopts a far more prescriptive approach and categorises HR managers as Strategic Partners, Change Agents, Administrative Experts and Employee Champions (Ulrich, 1998). The focus of this model is on business partnership, with the role of Employee Champion being important on utilitarian grounds since ‘employees who believe they are valued – share ideas, work harder than the necessary minimum, and relate better to customers’ (Ulrich, 1998, 130). Whilst criticised for being unitarist, Ulrich’s model and its underlying assumptions has been widely accepted by practitioners (Caldwell, 2003; Francis and Keegan, 2006). It must also be noted that the Ulrich typology has also been updated to include a more humanitarian view of workers and a greater emphasis on employee advocacy (Ulrich and Brockbank, 2005). So then, recent theories dealing with the role of HR within organisations paint a complex picture. Such theories, both descriptive and prescriptive, depict the HR manager as important business partners but with an obligation to serve the interests of employees. Hart (1993) sees the HRM function as being driven by the dehumanising forces of economic rationalism meaning that a HR manager cannot help but serve the organization at the expense of employees. The early history of HR management had the ethical treatment of employees as a central concern, whereas, in the 1960s and ‘70s personnel managers continued their welfare role whilst adding the role of negotiator and regulator. However, in the 1980’s there was a dramatic shift towards embracing HRM, with its emphasis on acting as a strategic business partner in order to deliver a competitive advantage to the organization.
In practice, the interests of employees have generally been neglected. Hope-Hailey et al (1997) note that while the traditional welfare role has been delegated to line managers, it is being neglected due to lack of time, skill or awareness. Renwick’s (2003) study of three large UK companies found that whilst HR sometimes acted as ‘guardians’ of employee interests, they were also likely to neglect these interests due to preoccupation with business targets.

Brenkert (1981) suggested that an employer may be justified in wanting to identify the culprits when the firm finds itself the subject of pilferage or employee theft, and of subjecting employees to on the job surveillance to discover the source of thefts. How are these rights to be balanced against the right to privacy? Three elements must be considered when collecting information that may threaten the employee’s rights to privacy: relevance, consent and method.

Davis (1982) argued that conflicts of interest in business arise when an employee or officer of a company is engaged in carrying out a task on behalf of the company and the employee has a private interest in the outcome of the task that is (a) possibly antagonistic to the best interests of the company, and (b) substantial enough that it does or reasonably might affect the independent judgment the company expects the employee to exercise on its behalf.

Accepting gifts may or may not be ethical. Barry (1986), in his study, suggested the following factors, which should be considered when evaluating the morality of accepting a gift:
1. What is the value of the gift? i.e. Is it substantial enough to influence one’s decisions?

2. What is the purpose of the gift? i.e. The gift intended or accepted as a bribe?

3. What are the circumstances under which the gift was given? i.e. Was it given openly? Was it given to celebrate a special event (Christmas, birthday, a store opening)?

4. What is the position of the recipient of the gift? i.e. Is he in a position to influence his own firm’s dealings with the giver of the gift?

5. What is the accepted business practice in the area?

6. What is the company’s policy? i.e. Does it forbid acceptance of such gifts?

7. What is the law? i.e. Is the gift forbidden by a law?

Guest and King’s (2004) interviews with senior executives revealed that while ‘there is support for the idea of ‘managing employee contribution’...there is no suggestion...that this is carried out in a way designed to promote employee interests (p. 419). Kochan (1997) blames this shift away from employee advocacy on larger economic trends which have led upper management to pass on extra business pressures to HR managers. So then, in many cases the practical reality is that HR managers have ceased to work for employees and become preoccupied with business partnership.

In their feverish efforts to be strategic, the HR department had effectively
shot themselves in the foot by losing sight of the very thing that gave them a unique role in the organization: the ability to maintain an overview of the organization, effectively engage with employees and communicate their interests.

Velasquez (2002) advocates that to discriminate in employment is to make an adverse decision (as set of decisions) against employees who belong to a certain class because of morally unjustified prejudice towards members of that class.

Halcrow (2002) brings out some of the possible situations where an employee’s private matters are discussed without considering his/her interest. For example, boss asking an employee to disclose the family of another employee who is a friend of the employee, asking an employee to suddenly to open his/her wallet to check for possible theft, in front of other employees, exposing private messages sent via email, etc.

In India ‘Employee privacy’ concept is not much developed. Compared to countries like USA, where they have laws like Electronic Communications Privacy Act, etc., to check intrusion in employee’s privacy, India still lacks specific legislation to safeguard privacy of the employees. (Krishnan, Varkkey, Anush, 2006).
This has rendered Indian employees more vulnerable to privacy infringement threats. Nonetheless, the Supreme Court has clarified that the right to privacy is implicit in the fundamental ‘Right to Life’ as provided under Article 21 of the Indian Constitution.

Winstanley and Woodall (2000) argued in their study that stakeholder analysis is a very useful approach for analysing ethical issues in HRM. Jones (1995) has presented evidence to suggest that companies which follow a stakeholder approach are actually more profitable. Greenwood (2002) finds this an underused approach in analysing the ethical aspects of HRM. She felt that it provides a framework which brings into relief both the macro (ideology) and micro (specific policy) aspects of HRM.

In their study, Winstanley and Woodall pointed out that there is a broader ethical obligation for HR managers to act on behalf of employees as well as the organization. They argued that employee welfare is a legitimate concern in its own right, regardless of business outcomes. Such an argument could be made from a variety of ethical standpoints such as the deontological framework which seeks to identify ethics with things that are inherently good rather than outcomes. From this point of view, employee welfare would be seen as important since the wellbeing of people is an inherently good thing. A similar argument could be made from the standpoint of communitarianism, which argues that ‘we are all members of overlapping communities and the workplace is one such community of purpose. From this point of view, both organization and employee have an
obligation to consider and serve each other’s interests as well as consider the impact of their actions on the wider community. Even Ulrich and Brockbank (2005), with their highly utilitarian framework call HR practitioners to remember that ‘employees are people, not chattels to be used and discarded’ (p. 202). Regardless of the framework, the point is that there are bigger reasons for acting as an employee advocate than simple bottom line concerns. Such arguments tie into more general debates about corporate social responsibility. When profit is put before people and ‘society redefined from the top down as a stubbornly resisting sludge through which we must somehow drive the economy’ (Pusey, 2003) business can be defined as inherently unethical and the results are ultimately negative for both business and employees, as the current global financial crisis reveals. When business is seen more rightly as part of a broader community with the right to seek profit but also the responsibility to consider and serve employee interests, business can be regarded as ethical and there is a greater likelihood of positive outcomes for all.

Miller (1996) in his study argued that if the basic strategy of an organization is good, it is likely to deliver good outcomes to employees. If the basic strategy of an organization is bad, negative outcomes for employees are likely. HRM is ethical when it is strategically supporting a good strategy from upper management by providing appropriate HR practices. Perelman (1963) classifies from among the practices widely recognized as discriminatory as recruitment, screening, promotion, conditions of employment and discharge practices. The argument here is one of contingency. HR managers can and
should serve the interests of employees but they do this by being strategic within an organization that is committed to making good decisions that serve the interests of all stakeholders. This is a more realistic assessment of the HRM function than the notion that HRM can somehow drive overall strategy or be good and ethical despite organisational decisions at the highest level that deliver unavoidably detrimental outcomes to employees. From this point of view, a HR manager seeking to act ethically and serve the interests of both the organization and employees should seek to align themselves with an organization that has similar goals in mind.

They must also deal with issues associated with affirmative action, health and safety, and harassment. HR managers also deal with ethical dilemmas including favouritism in employment decisions, inconsistency in pay and discipline, sexual harassment, sex and race discrimination, and breaches of confidentiality (SHRM/CCH 1991). In dealing with these issues, HR managers can make decisions within their own interests, those of the organisation and decisions that they believe are inherently ‘ethical’.

Wiley (1998) examined the frequency and seriousness of misconduct in HR functional areas. She found that ethical misconduct occurs more often in employment situations such as recruitment and selection or staff discipline, followed by health, safety and security, and compensation. Other important areas of ethical decision making are in employment negotiations and labour relations. Van Gramberg and Teicher (2005) examined the ethics of decisions made in
regards to industrial relations, and argued that HR managers cannot make ethical decisions when dealing with workplace conflict because it challenges the very nature of what HRM is about. In other words, the management of human resources or as Greenwood (2002) puts it, the ‘use’ of human resources implies the use of people primarily as resources. As the HR manager is an agent of the firm, tough decisions in regards to employee relations would see HR making decisions aligned with the organisation’s interest, but not necessarily in the interests of employees, who may have their rights infringed. Despite this, Greenwood (2002) states that most ethical analyses of HRM assume that employers have positive moral obligations towards their employees, over all other obligations, such as obligations to employers.

Wooten (2001) examined the ethical dilemmas faced by HR managers in key HR activity areas such as economic justice, employee honesty, discrimination and workers rights and safety. He suggested that without a clear set of ethical guidelines for HR decision making, these areas will remain problematic for the individual HR manager. Similarly, Legge (1998) suggested that it is likely that HRM encompasses the values of the enterprise culture over other values. However, in avoiding other interests, ethical decision making becomes a mechanism to privilege profit making above all.

The HR manager may also have a role in preventing misconduct occurring through whistle blowing or reporting. Ethical issues that HR managers could face may relate to reporting on bad behaviour such as organisational pilfering,
corruption, bribery or price fixing. The business community is replete with examples of unethical practices, which have resulted in corporate collapses of organisations such as Enron, Worldcom, and Arthur Andersen in the US and HIH and Onetel in Australia. Wiley’s (1998) research found that HR managers can play distinct roles in ethical situations, which include advisory, monitory, educator, advocate, investigative, questioning, organisational and finally modeling type roles. Taking on these roles may have played a part in preventing such collapses. However, for HR to be credible to take on these ethical roles within organisations, they must make decisions in an ethical way.

A good case study of an unethical organizational culture is the now defunct Enron. Sims and Brinkmann (2003) described Enron’s ethics as “the ultimate contradiction between words and deeds, between a deceiving glossy facade and a rotten structure behind” (p. 243). Enron executives created an organizational culture that valued profits (the bottom line) over ethical behavior and doing what’s right.

Based on a report by Catalyst (2005), only one in eight woman were CEO’s in the Fortune 500; an additional nine were CEO’s in Fortune 501-1000 companies. Women are also more likely to be stuck in low-paid but more secure positions (i.e. education and healthcare). Historically the rate of employment for women was lower; however, due to the late 2000s recession the participation of women in the workforce has surpassed that of men. Discrimination can occur at every stage of employment, from recruitment to education and remuneration,
occupational segregation, and at time of layoffs.

In rural Rajasthan, in India, back in 1992, a female government official was gang raped by 5 men whom she tried to refrain from marrying off a girl (less than a year old) from their family. The demon of sexual harassment of women and automatically discrimination of women at work hit the Indian society real bad. It wasn't that it was never there or people were not aware of it, but it was an eye opener of sorts. In this case though, lot of women's organizations filed a petition in the Supreme Court, since they were unable to get justice at lower judicial levels. The petition was filed as Vishakha and in 1997, after 5 long years, the Supreme Court of India gave a landmark judgment adding teeth to rights of women in the workplace by putting across guidelines, called as *Vishakha* guidelines, (The Hindu, 2001).

More than a thousand employees of JET Airways (India) Ltd. were retrenched as a part of cost-cutting exercise to tackle global slowdown and price hike in aviation fuel in 2008. Amidst great furor and opposition by various organizations and political parties, Naresh Goyal, Chairman of Jet Airways, reinstated the employees a day later after the emotional drama, (Indian Express, 2008).

*Article 14 of the Constitution of India* guarantees equality to all persons within the territory of India.

*Article 16 prohibits discrimination in public employment on grounds of religion,*
caste, creed, sex, colour etc.

*National Human Rights Commission* has taken up a number of individual cases relating to discrimination faced by persons affected or infected by HIV/AIDS with regard to employment, access to medical treatment facilities and education.

(NHRC)


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