ETHICAL VALUES IN MANAGING HUMAN RESOURCES

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Publication Date: February 2024

ABSTRACT

Ethics play a crucial role in establishing trust within any organization. While Human Resource managers have traditionally ensured business continuity, their strategic function is evolving to include a broader focus on ethical considerations. The "business as usual" approach no longer suffices, and HR practitioners must embrace their pivotal role as effective business partners who champion ethical decision-making across the organization. This paper explores the importance of ethical values in HRM and proposes methods for integrating ethical principles into various HR functions. Additionally, it examines relevant theories and frameworks that provide a deeper understanding of ethical considerations in the field.

Keywords: *Ethical Values, Managing Human, Resources*

INTRODUCTION

In the 21st century, recognizing and addressing complex corporate ethics challenges has become a top priority for businesses (Ferrell et al., 2015). Highly visible ethics issues can significantly damage public perception and confidence in companies (Ferrell et al., 2015). Every employee, regardless of their position, makes ethical decisions daily. Ethics permeate decision-making at all levels of an organization, making it more than just a personal concern. Standards, rules, and even informal messages about ethical behavior become ingrained in a company's operations. This means everyone in an organization has the potential to engage in both ethical and unethical behavior (Kuenzi et al., 2020).

Suresh (2011) defines ethical values as a set of moral principles encompassing notions of right and wrong, good and bad behavior, and the motivations and consequences of such actions. Individuals within an organization derive their understanding of appropriate conduct from the same sources as everyone else. When ethical standards are upheld, individual efforts are channeled towards endeavors that benefit both individuals and society. Business ethics, according to Ferrell et al. (2015), encompass organizational values, standards, and norms that can emerge from individuals, institutional reports, or the legal framework. These primarily govern individual and collective behavior within a company. While values are explicit and deeply ingrained boundaries for conduct that should not be crossed and can serve as the foundation for rules, they are enduring standards and beliefs collectively upheld (p. 5). Ferrell et al. (2015) further define ethics as behavior or decisions aligned with a group's values.

Adhering to ethical behavior at all operational and management levels within every division of a company has become crucial. This prevents organizations from solely viewing their goals through the lens of profit. As a result, companies have begun to implement corporate ethics programs in various aspects of their operations, particularly human resources management (HRM) (Al-Tarawneh, 2020). Ethical challenges abound in HR tasks such as compensation, labor relations, health and safety, and training and development (Suresh, 2011). Caldwell et al. (2011) argue that research on strategic human resource management (SHRM) suggests that human resource professionals (HRPs) have a greater chance of contributing to business success and thriving if they can build processes and procedures aligned with the organization's values, objectives, and mission. They must elevate their performance standards to meet today's competitive demands.

According to Rose (n.d., as cited by Ghani, 2015), ethics are essential to human resource management and are directly related to analyzing people's conduct or behavior. Ghani (2015, quoting Ashly et al., 2007) argues that while ethics are crucial for an organization's overall health, weak ethics can be incredibly detrimental to its performance. They can obliterate the firm's awareness of environmental concerns (both internal and external). Conversely, good ethics positively impact businesses by enhancing productivity, reducing risk, improving customer and client relationships, and facilitating better communication flow. As a result, ethics are not only necessary to avoid harmful behavior but also to encourage high performance and create a positive work environment (Ghani, 2015). Companies have recognized the need for ethical procedures and policies to be communicated and implemented throughout the organization. This, in addition to adhering to ethical norms, morals, and values, has become a primary concern for organizational management (Brimmer, 2007; as cited by Grigoropoulos, 2019). As Grigoropoulos (2019) emphasizes, these principles must be demonstrated and applied with genuine commitment from the organization's leadership.

ETHICAL FRAMEWORKS

Ethics, according to Armstrong and Taylor (2014), is involved with the creation of judgments and conclusions regarding the appropriate path of conduct. It can be regarded as a framework that outlines several ways and can be expanded to include specific notions such as impartiality, justice, and fairness which influences and guides moral action. 'Ethical judgments evolve out of challenges that cannot be handled in advance by rules,' according to Clegg et al (2007: 112; as cited by Armstrong & Taylor, 2014). People must make decisions. These decisions are not cast on stone and will depend on different situations as they arise in the workplace. As such, there is no 'one size fits all' and thus an understanding of ethical frameworks is necessary.

THEORETICAL BASIS FOR ETHICAL VALUES

Armstrong and Taylor (2014) present essential theories that serve as frameworks for assessing HRM policy and practices (p.96). These are as explained below:

Deontological theory - Deontological (Greek for 'right') concept holds that certain actions are either correct or incorrect regardless of the implications, and is linked to Kant's clear-cut authoritative, containing dual-core hypotheses: a) that one should act in accordance with the idea

that whatever is acceptable for one individual is acceptable for all, and that one should treat others as one would want to be treated; b) in the opinion of Rawls (1973: 183): 'We ought to treat people exclusively as we would be treated.' According to Mandal et al. (2016), duties/obligations take precedence in deontological ethics, implying that the end/outcomes may not justify the means.

Utilitarianism – Utilitarianism, according to Armstrong and Taylor (2014), is the view that the top moral standard is to capitalize on contentment or the total stability of pleasure and misery. This theory assumes that when actions benefit the greatest number of people, they are justified (p.97). According to Mandal et al. (2016), in the utilitarian method, resolutions are derived on the basis of obtaining the highest quantity of value for the majority of people, and the consequentialist approach is another name for it because the results define the standards of the action.

Stakeholder theory - According to stakeholder theory, an organization's stakeholders include its owners, employees, customers, suppliers, and local communities, and should be managed on their behalf according to Freeman (1984; as cited by Armstrong & Taylor, 2014). Stakeholder theory advocates a realistic, economical, operational, and principled strategy to support organizations in an extremely difficult and volatile location (Freeman, 1984; Freeman, Harrison & Wicks, 2007; as cited by Harrison et al., 2015). Furthermore, Harrison et al. (2015) opine that it is a hands-on principle because all organizations must manage stakeholders; whether they are effective at doing so is another topic, and they argue for treating all stakeholders fairly, honestly, and even generously.

Discourse ethics - Discourse, according to Foucault (1972), is the collective ability of people to make sense of their experiences (Armstrong & Taylor, 2014). Molnár (2017) postulates that according to discourse ethics theory, in present times, people's motivations are so diverse that ethics is unable to offer a common set of values that everyone can accept, and beyond the lack of specific set of norms, the primary concern is that the norms lack credibility, which means that any specific set of values can be interrogated. Thus, according to discourse ethics, societal cohesiveness requires the harmonization of interests and mutual communication (Molnár, 2017).

Equity theory – Equity theory, as defined by Adams (1965), is focused on people's judgments of the way they were handled in comparison to others, according to Armstrong and Taylor (2014). Equity is always a comparative process that incorporates sentiments and perceptions and is not the

same as fairness, which implies handling everybody alike and would be unfair if they deserved to be handled contrarily (Armstrong & Taylor, 2014; p.97).

According to Armstrong and Taylor (2014), another important part of the ethical framework is justice, which they define as the method of handling individuals in a manner that is intrinsically just, just, and decent. Justice, derived from the Latin iustus, controls individual behavior and forces them to accept the rights of others. Organizational justice is a strong predictor of work attitudes and actions in the workplace, according to a study by Wang et al. (2010; as cited by Hegarty & Moccia, 2018). Rawls (1973:348; as cited by Armstrong & Taylor, 2014) proposed the concept of 'justice as fairness,' which states that " natural responsibilities and duties originate solely as a result of ethical standards, which are demonstrated as 1) every person must have an equal opportunity to the broadest possible basic freedom, equivalent to that enjoyed by others, and 2) income variances should be structured so that they are (a) reasonably expected to benefit everyone, and (b) associated with positions and offices that are open to everyone (ibid: 60; p. 97)

ETHICAL VALUES IN MANAGING HUMAN RESOURCE

According to Al-Tarawneh (2020), human resources are one of the most valuable assets within a company for improving performance and gaining a competitive advantage. Consequently, HRM processes should be based on ethical principles such as justice, transparency, and equal opportunity. Van Vuuren and Eiselen (2006, as cited by Ghani, 2015) highlight the crucial role of the HR department in fostering ethics, as each HRM practice/policy serves as a channel for communicating what the company deems truly important. Ghani (2015) further argues that if ethical practices are not properly evaluated and managed when building an organization, it can lead to negativity towards the policy intended for promoting organizational ethics. Armstrong and Taylor (2014) offer recommendations for incorporating ethical principles into key HRM tasks such as organizational design, recruitment and selection, learning and development, reward management, performance management, and employee relations.

Sah (2015) emphasizes that the selection process should prioritize attracting and selecting candidates who share the organization's values. Human resource professionals must make a positive first impression and develop a job description that recognizes the importance of ethics. To ensure the fairness and perceived ethics of the selection process, human resource managers must

treat candidates with respect by acknowledging their applications and promptly informing them of decisions regarding their candidacy (Armstrong & Taylor, 2014). According to Armstrong and Taylor (2014), recruiters should avoid asking intrusive or demeaning questions during interviews, and refrain from putting undue pressure on candidates or disparaging any aspect of their personality or experience. Additionally, they should use appropriate selection criteria based on the job requirements and provide rejected candidates with the rationale for their rejection upon request (p. 98).

Armstrong and Taylor (2014) emphasize that HR professionals should respect individual rights to self-respect, confidentiality, and autonomy. They should also recognize the importance of providing employees with opportunities to learn and develop their skills, empowering them to perform well in their roles and reach their full potential. Additionally, they should give employees the freedom to choose the level of training and development they seek beyond the minimum standard. According to Sah (2015), citing Velasquez (2002), employee training is the most effective way to promote ethical behavior within an organization. This training should focus not only on the skills required for the job, but also on the organization's culture, values, and ethical expectations. In addition to other training content, employees should be encouraged to develop skills in applying ethical principles and techniques to their work (Sah, 2015).

Ethical Considerations in Performance Management and Rewards

Winstanley and Stuart-Smith (1996, as cited by Armstrong & Taylor, 2014) defined key moral values in performance management:

Personal dignity: Treating individuals with respect as "ends in themselves" rather than mere tools. Shared reverence: All participants in performance reviews should consider each other's needs and concerns.

Procedural fairness: Performance management processes must be fair and adhere to technical justice principles.

Transparency: Individuals affected by performance evaluations should have the right to understand the basis for decisions made (pp. 99-100).

Sah (2015) emphasizes that performance goals should align with the organization's ethical values, be free of bias, and be presented to employees transparently.

Similarly, a reward system's fairness is crucial (Sah, 2015). Ethical behavior is reinforced when it is rewarded and unethical conduct is penalized (David Murray, 2001, as cited by Sah, 2015). Sah (2015) notes that incentive programs designed to reward above-average performance can unfortunately be susceptible to unethical practices. Armstrong and Taylor (2014) recommend upholding both procedural and distributive justice by ensuring incentive systems and procedures are fair, equitable, transparent, and consistently applied. They suggest that rewarding employees based on their contributions while ensuring a living wage is the most ethical approach (2014, p. 100).

Ethical Considerations in Employee Relations

Armstrong and Taylor (2014) emphasize that solidifying ethical ideals in employee relations requires organizations to "deliver on the promise" by being open to feedback and attentive to legitimate concerns regarding policies and procedures (p. 100). Additionally, authentic opportunities and channels for employees to share their perspectives and concerns about issues affecting them should be provided. Recognizing that management and employee interests may not always align, it's crucial to develop and implement employee relations policies that uphold good faith and address these potential conflicts (Armstrong & Taylor, 2014, p. 100).

CONCLUSION

More and more, accountability in governance is being required not only by governments but also key stakeholders of organizations, whether it is in the prudent use of resources, or fair practices in the organization. In promoting and integrating ethics in human resource management practice, HR practitioners have the huge challenge of balancing the needs of the organization versus the employee needs. Indeed, Kelechi and Loliya (2015) observe that it is frequently suggested that a crucial component to reflect when thinking about HRM ethics is the employer's goals and objectives. It may not be an easy task but respect and recognition follow where an organization has been able to maintain a gold standard in its practices, and receive recognition as an employer of choice, through clear policies in recruitment, promotions, training, performance review as well as employee relations. All these functions relate to human resources. Apart from the ethics and

compliance office, HR is the most important department in the establishment of an organization's ethical culture, according to Ghani (2015).

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