

**BUSINESS ETHICS AND HUMAN RESOURCE DEVELOPMENT:  
THEMES AND ISSUES**

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**ABSTRACT**

*Due to the globalization of markets and businesses, an ever increasing number of marketers have to deal with ethical issue. Issues faced by human resources managers raise questions about fairness, honesty, self-discipline, and consequences of behavior. Since the human resources department (which deals with employee issues) assumes a major role in the company, there may be a tremendous burden placed on human resources managers to walk a very narrow line between what is legally and morally best for the employee and financially advantageous to the company. Human resources as a professional career choice has resulted in the creation of the Society of Human Resources Management (SHRM). It is this organization that developed a Code of Ethics for Human Resources Managers. This paper examines the importance of global ethical business responsibilities. The recent public scandals of corporate malfeasance have heightened this need and organizations face numerous ethical issues. Strategies such as codes of conduct. The authors also analyze various ethical climate and ethical problems.*

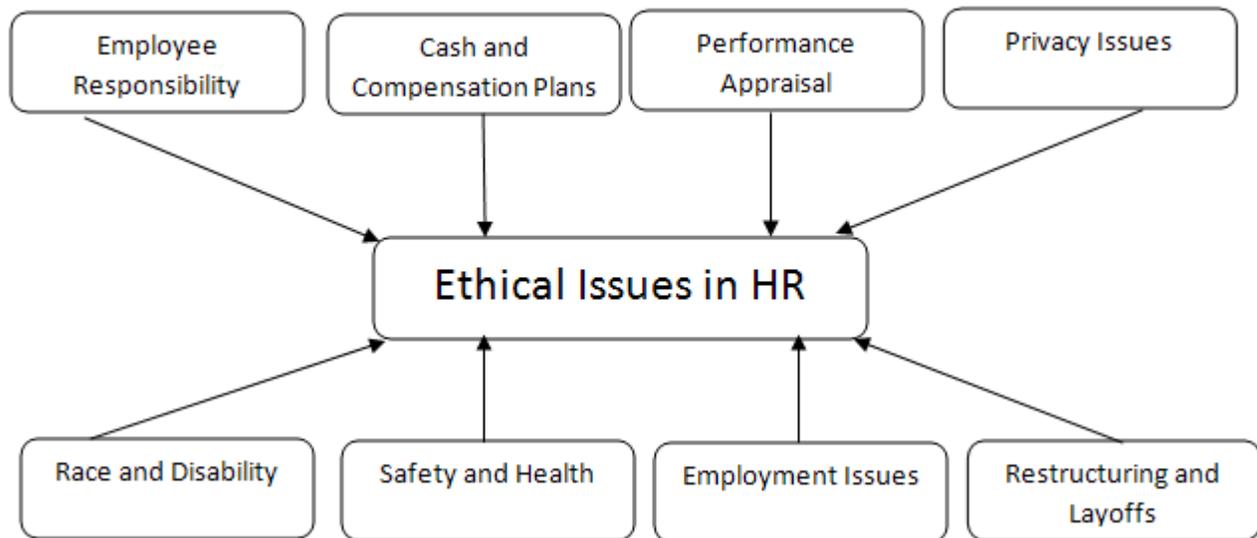
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## INTRODUCTION

Of all the organisational issues or problems, ethical issues are the most difficult ones to handle or deal with. Issues arise in employment, remuneration and benefits, industrial relations and health and safety.



### Diagrammatic representation of HR Ethical Issues

#### Cash and Compensation Plans

There are ethical issues pertaining to the salaries, executive perquisites and the annual incentive plans etc. The HR manager is often under pressure to raise the band of base salaries. There is increased pressure upon the HR function to pay out more incentives to the top management and the justification for the same is put as the need to retain the latter. Further ethical issues crop in HR when long term compensation and incentive plans are designed in consultation with the CEO or an external consultant. While deciding upon the payout there is pressure on favouring the interests of the top management in comparison to that of other employees and stakeholders.

#### Race, gender and Disability

In many organisations till recently the employees were differentiated on the basis of their race, gender, origin and their disability. Not anymore ever since the evolution of laws and a regulatory framework that has standardised employee behaviours towards each other. In good organisations the only differentiating factor is performance! In addition the power of filing litigation has made

put organisations on the back foot. Managers are trained for aligning behaviour and avoiding discriminatory practices.

### **Employment Issues**

Human resource practitioners face bigger dilemmas in employee hiring. One dilemma stems from the pressure of hiring someone who has been recommended by a friend, someone from your family or a top executive.

Yet another dilemma arises when you have already hired someone and he/she is later found to have presented fake documents. Two cases may arise and both are critical. In the first case the person has been trained and the position is critical. In the second case the person has been highly appreciated for his work during his short stint or he/she has a unique blend of skills with the right kind of attitude. Both the situations are sufficiently dilemmatic to leave even a seasoned HR campaigner in a fix.

### **Privacy Issues**

Any person working with any organisation is an individual and has a personal side to his existence which he demands should be respected and not intruded. The employee wants the organisation to protect his/her personal life. This personal life may encompass things like his religious, political and social beliefs etc. However certain situations may arise that mandate snooping behaviours on the part of the employer. For example, mail scanning is one of the activities used to track the activities of an employee who is believed to be engaged in activities that are not in the larger benefit of the organisation.

Similarly there are ethical issues in HR that pertain to health and safety, restructuring and layoffs and employee responsibilities. There is still a debate going on whether such activities are ethically permitted or not. Layoffs, for example, are no more considered as unethical as they were thought of in the past.

Paying attention to business ethics is an important part of any business owner or manager's job. The human resources function deals with a variety of ethical challenges; being the department that deals directly with people employed by a company, HR includes numerous ethical pitfalls that can damage a company's reputation or financial sustainability if not handled properly. Understanding the importance of ethics in human resources is crucial for any business owner, whether in a local startup or a multinational powerhouse.

**Legal Considerations**

Breaches of ethics in human resources can lead companies into a world of legal trouble, in both the civil and criminal arenas. Breaches of ethics in the HR department are more likely to be reported by victims to the Better Business Bureau, the Equal Employment Opportunity Commission or other regulatory agencies than those committed in other areas, such as product development or accounting. Companies with comprehensive ethics programs in place can avoid costly trouble regarding discrimination and hostile-work-environment issues, resulting in lower costs for litigation and out-of-court settlements.

**Company Reputation**

In the business world, legal trouble can introduce additional challenges to employers, as news outlets and ethics watchdog organizations spread the word about companies' misdeeds. Discrimination issues, sexual harassment and unfair employment policies can land companies on the front page of consumer- or business-focused publications, damaging a company's reputation among consumers, potential strategic partners and potential future employees. Gaining a reputation as an ethical employer can help to attract the top talent in your industry from a wider area, as employees seek to find the most beneficial employment relationships they can. The opposite holds true, as well; if job applicants see your company as an unethical employer, the most skilled, experienced, creative and productive applicants are likely to put their resumes in elsewhere.

**Employee Loyalty**

Treating employees ethically can garner long-term employee trust and loyalty, which conveys a range of distinct benefits to employers. Loyal employees gain more experience working with their employers, allowing them to master production processes and more fully understand the inner workings of the firm. This can increase employees' productivity and efficiency over time in addition to keeping recruiting and training costs under control. Sellers of consumer goods can gain marketing advantages from loyal employees, as well. Loyal employees often act as champions for a company's products, purchasing goods from their employer and spreading positive word-of-mouth advertising to friends, family and acquaintances over the years.

## **Promoting Ethics**

A solid reputation as an ethical employer does not happen on its own. Savvy, ethics-conscious business owners put comprehensive ethics programs in place to display a firm commitment to ethics in every area of business, including human resources. Put HR ethics policies in place regarding discrimination, sexual harassment and the treatment of employees, and put each of your managers and supervisors through ethics training programs to make sure they are fully aware of your expectations. Most importantly, lead by example in your organization to create a culture of mutual respect and dignity, where ethical decision-making is valued and rewarded.

## **CODE OF ETHICS FOR HR**

### **1. Competence**

Maintain competence in carrying out professional responsibilities and provide services in an honest and diligent manner. Ensure that activities engaged in are within the limits of one's knowledge, experience and skill. When providing services outside one's level of competence, or the profession, the necessary assistance must be sought so as not to compromise professional responsibility.

### **2. Legal Requirements**

Adhere to any statutory acts, regulation or by-laws which relate to the field of human resources management, as well as all civil and criminal laws, regulations and statutes that apply in one's jurisdiction. Not knowingly or otherwise engage in or condone any activity or attempt to circumvent the clear intention of the law.

### **3. Dignity in the Workplace**

Support, promote and apply the principles of human rights, equity, dignity and respect in the workplace, within the profession and in society as a whole.

### **4. Balancing Interests**

Strive to balance organizational and employee needs and interests in the practice of the profession.

### **5. Confidentiality**

Hold in strict confidence all confidential information acquired in the course of the performance of one's duties, and not divulge confidential information unless required by law and/or where serious harm is imminent.

## 6. Conflict of Interest

Either avoid or disclose a potential conflict of interest that might influence or might be perceived to influence personal actions or judgments.

## 7. Professional Growth and Support of Other Professionals

Maintain personal and professional growth in human resources management by engaging in activities that enhance the credibility and value of the profession.

## VALUES AND ETHICS:

Values and ethics are very much related in the work place for human beings because it creates capacity and it helps in improvement of leadership skills and abilities. It also helps in improvement of the performance and brings the decision making theory and the decision making goals in the organization. Values and ethics helps in developing the human behavior, the origin and scope of the human values which adds values and ideas in the human behavior and also in the human application of power. It illustrates the framework of the systematic approach of managers and leaders who can perform well keeping in mind with all the positive effects.

Values and ethics in human resource management are very much related to each other because the company's main motive, the company's goals are all remain same with each other. The values and ethics in work place matters a lot for the degree of flexibility, for the style of culture traditions and also to follow the best way of management techniques in the organization. It remains constant when it gets continued by the management hierarchy because it provides the continuation of management and it goes on and moves on as per the level of management.

Values and ethics are very much related to each other and it is very much related concepts which let us know about its importance, about its techniques, about its uses and benefits that matters a lot for the people who are working in the organization, that matters a lot who are associated with the organization and that is what matters most is for the benefits and uses of organization and also the capabilities of the management and its people. Values is most important in the organization because it talks about the stability of the organization, it does not say about the complexity, misconceptions, misunderstandings and misbehavior but here value talks about the morals, the culture, the importance, the growth and development of the people who are working in the organization and so on.

Values related with behavior which describes about the behavior of an individual which talks about the values, about the behavior of an individual who respect each other, it is related with the concept of respect and individualism which says about the people who respect each of an individual in the organization and they maintain dignity and respect which express the best and wonderful culture in an organization, which talks about the organization goods and about the goodwill and reputation of the organization so values and ethics matters a lot. In terms of culture, when there is full respect for an individual, they get high source of effort for business, and then clients feel good about the strategy.

Values talks about the core values of an organization when someone shows professionalism attitude and when company grows with high integrity. It is related with the vision of the company and also honesty and values matters lot. For example: when we look at Wipro, Mr. Premji have done a great job to maintain the integrity of this high known reputed and esteemed organization where culture values comes first and really matters. Values also can be related to the importance when someone gives importance to other's true feelings and other's true honesty as well as innocence.

In case of work place when if employees are feeling problem in their work, from the work place they decides to go to the senior management or authority like HR people to discuss their issues and concerns and if that person will not be given an opportunity and freedom to speak, if that employee will not get the right to tell their views and ideas, opinions they will not feel bad but if the same person if gets the full freedom, full opportunity then surely they will feel valued, surely they will feel good and motivated. The environment will be high on energy and also there will be lot of motivation in the mind of the employee for that work place which will help both the perspectives and also it will help the employee to sustain and become stable in that organization because the values, the morals, the ethics all are been given to that employee. So, for sure this organization focus on both the two terms which are important and understand the feelings, the issues and concerns of each employee.

## **CONCLUSION**

Finally, it remains to be said that ethics is about the relationships between people. Being comfortable in the ethical landscape is of immense practical importance. Given the conjunction

of these two facts it is not surprising that there are so many issues confronting the HRD professional

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