

Chapter 5¹

The Ethical Dimension of HRM

5.1 Introduction

The theme of this chapter is the importance of recognizing that there is an ethical dimension to human resource management. As Boxall et al (2007: 5) pointed out: 'While HRM does need to support commercial outcomes (often called "the business case"), it also exists to serve organizational needs for social legitimacy.' This means exercising social responsibility, ie being concerned for the interests (well-being) of employees and acting ethically with regard to the needs of people in the organization and the community.

To grasp this ethical dimension, it is necessary to understand the nature and principles of ethics, the ethical role of HR and the ethical guidelines they can use. It is also necessary to know about approaches to resolving ethical dilemmas.

5.2 The meaning and concerns of ethics

Ethics is defined by the Compact Oxford Dictionary as being 'related to morals, treating of moral questions', and ethical is defined as 'relating to morality'. Morality is defined as 'having moral qualities or endowments' and moral is defined as 'of or pertaining to the distinction between right and wrong'. Petrick and Quinn (1997: 42) wrote that ethics 'is the study of individual and collective moral awareness, judgement, character and conduct'. Hamlin et al (2001: 98) noted that ethics is concerned with rules or principles that help us to distinguish right and wrong.

Ethics and morality are sometimes treated as being synonymous, although Beauchamp and Bowie (1983: 1–2) suggested that they are different: 'Whereas morality is a social institution with a history and code of learnable rules, ethical theory refers to the philosophical study of the nature of ethical principles, decisions and problems.' Clearly, ethics is concerned with matters of right and wrong and therefore involves moral judgements. Even if ethics and morality are not the same, the two are closely linked. As Clegg et al (2007: 111) put it: 'We understand ethics as the social organizing of morality.' Simplistically, ethics could be described as being about behaviour while morality is about beliefs.

¹Armstrong, M. (2014). *Armstrong's handbook of human resource management practice* (11th ed.). London: Kogan Page.

Ethics is concerned with making decisions and judgements about what is the right course of action to take. It can be described in terms of a framework that sets out different approaches and can be extended to embrace particular concepts that affect and guide ethical behaviour, namely equity, justice and fair dealing. These approaches and concepts are discussed below.

5.3 The nature of ethical decisions and judgements

As defined by Jones (1991: 367), an ethical decision is one that is morally acceptable to the larger community. He also noted that: 'A moral issue is present where a person's actions, when freely performed, may harm or benefit others. In other words, the action or decision must have consequences for others and must involve choice, or volition, on the part of the actor or decision maker' (ibid: 367).

Winstanley and Woodall (2000a: 8–9) observed that:

Ethics is not about taking statements of morality at face value; it is a critical and challenging tool. There are no universally agreed ethical frameworks... Different situations require ethical insight and flexibility to enable us to encapsulate the grounds upon which competing claims can be made. Decisions are judgements usually involving choices between alternatives, but rarely is the choice between right and wrong... Moral disagreement and judgements are concerned with attitudes and feelings, not facts.

Clegg et al (2007: 112) emphasized that: 'Ethical decisions emerge out of dilemmas that cannot be managed in advance through rules.' People have to make choices. Foucault (1997: 284) asked: 'What is ethics, if not the practice of freedom?'

5.4 Ethical frameworks

The ethical concepts of deontology, utilitarianism, stakeholder theory and discourse theory, as described below, provide frameworks that can be used to evaluate HRM policies and practices.

5.4.1 Deontological theory

Deontological (from the Greek for 'what is right') theory maintains that some actions are right or wrong irrespective of their consequences. It is associated with Kant's notion of the categorical imperative, which contains two main propositions: a) that one should follow the principle that what is right for one person is right for everyone, and thus you must do to others as you would be done by; and b) in the words of Rawls (1973: 183): 'We must treat persons solely as ends and not in any way as means.'

5.4.2 Utilitarianism

Utilitarianism is the belief that the highest principle of morality is to maximize happiness, the overall balance of pleasure against pain. Actions are justified when they result in the greatest good to the greatest number. As Sandel (2010: 33) explained, utilitarianism says that 'the morality of an action depends solely on the consequences it brings about; the right thing to do will be whatever brings about the best state of affairs.' In other words, actions should be judged in terms of their results. This can be interpreted as supporting the dubious principle that the end justifies the means – torture is all right as long as it prevents terrorism (NB even if this argument were accepted, the effectiveness of torture as a means of preventing terrorism is highly questionable). Utilitarianism has been criticized first because it fails to respect individual rights and second because, as Michael Sandel explained, it implies that all moral judgements can be translated into a single currency of value, but there is no such thing as a 'util'.

5.4.3 Stakeholder theory

In accordance with the ideas of Freeman (1984), stakeholder theory states that the organization should be managed on behalf of its stakeholders: its owners, employees, customers, suppliers and local communities. As Legge (1998: 22) described it, management must act in the interests of the stakeholders as their agent, and also act in the interests of the organization to ensure the survival of the firm, safeguarding the long-term stakes of each group.

5.4.4 Discourse ethics

Foucault (1972) defined discourse as the taken-for-granted ways that people are collectively able to make sense of experience. Discourse ethics, as explained by Winstanley and Woodall (2000a: 14), suggests that 'the role of ethicists is not to provide solutions to ethical problems, but rather to provide a practical process and procedure which is both rational and consensus enhancing, through which issues can be debated and discourse can take place'.

5.4.5 Equity theory

Equity theory, as formulated by Adams (1965), is concerned with the perceptions people have about how they are being treated as compared with others. To be dealt with equitably is to be treated fairly in comparison with another group of people (a reference group) or a relevant other person. Equity involves feelings and perceptions and it is always a comparative process. It is not synonymous with

equality, which means treating everyone the same and would be inequitable if they deserve to be treated differently.

5.4.6 Justice

Justice is the process of treating people in a way that is inherently fair, right and proper. The concept of 'justice as fairness' proposed by Rawls (1973: 348) states that 'natural duties and obligations arise only in virtue of ethical principles'. These principles were expressed by Rawls as follows:

First: every person is to have the equal right to the most extensive basic liberty comparable with a similar liberty for others.

Second: social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone's advantage, and (b) attached to positions and offices open to all. (ibid: 60)

There are four types of justice: procedural justice, distributive justice, social justice and natural justice.

5.4.7 Procedural justice

Procedural justice (Adams, 1965; Leventhal, 1980) involves treating people in ways that are fair, consistent, transparent and properly consider their views and needs. In organizations, it is concerned with fair process and the perceptions employees have about the fairness with which company procedures in such areas as performance appraisal, promotion and discipline are being operated. The five factors that affect perceptions of procedural justice, as identified by Tyler and Bies (1990), are:

- Adequate consideration of an employee's viewpoint.
- Suppression of personal bias towards an employee.
- Applying criteria consistently across employees.
- Providing early feedback to employees about the outcome of decisions.
- Providing employees with an adequate explanation of decisions made.

5.4.8 Distributive justice

Distributive justice (Adams, 1965; Leventhal, 1980) means ensuring that people are rewarded equitably in comparison with others in the organization and in accordance with their contribution, and that they receive what was promised to them (management 'delivers the deal').

5.4.9 Social justice

Social justice is based on the concepts of human rights and equality. Rawls (1973: 3–4) rejected the principle of utilitarianism when he asserted that in society: 'Each person possesses an inviolability founded on justice that even the welfare of society as a whole cannot override. For this reason, justice denies that the loss of freedom for some is made right by a greater good shared by others.' In organizations, social justice means relating to employees generally in ways that recognize their natural rights to be treated justly, equitably and with respect.

5.4.10 Natural justice

According to the principles of natural justice employees should know the standards they are expected to achieve and the rules to which they are expected to conform. They should be given a clear indication of where they are failing or what rules have been broken and, except in cases of gross misconduct, they should be given a chance to improve before disciplinary action is taken.

5.4.11 HRM ethical guidelines

The guidelines set out below relate to how employees are treated in general and to the major HRM activities of organization development, recruitment and selection, learning and development, performance management, reward management and employee relations. They also relate to employment practices concerning the work environment, employee well-being, equal opportunities, managing diversity, handling disciplinary matters and grievances, job security and redundancy.

5.4.12 General guidelines

- Recognize that the strategic goals of the organization should embrace the rights and needs of employees as well as those of the business.
- Recognize that employees are entitled to be treated as full human beings with personal needs, hopes and anxieties.
- Do not treat employees simply as means to an end or mere factors of production.
- Relate to employees generally in ways that recognize their natural rights to be treated justly, equitably and with respect.

5.4.13 Organization development (OD)

- Agree in advance with clients and individuals the goals, content and risks of an OD programme.

- Obtain the maximum involvement of all concerned in the programme so that they understand the processes involved and how they can benefit from them.

- Work with clients to plan and implement change to the benefit of all stakeholders.
- Enable individuals to continue with their development on completing the programme.
- Protect confidentiality.

5.4.14 Recruitment and selection

- Treat candidates with consideration – applications should be acknowledged, candidates should be kept informed without undue delay of decisions made about their application, and they should not be kept waiting for the interview.

- Avoid intrusive or hectoring questioning in interviews.
- Do not put candidates under undue stress in interviews.
- Do not criticize any aspect of the candidate's personality or experience.
- Use relevant selection criteria based on a proper analysis of job requirements.
- Give candidates reasonable opportunity to present their case and to ask questions.
- Avoid jumping to conclusions about candidates on inadequate evidence or as a result of prejudice.

- Give accurate and complete information to candidates about the job, prospects, security and terms and conditions of employment. Only use properly validated tests administered by trained testers.

- Do not use discriminating or biased.
- Monitor tests for impact and unintended bias.
- Ensure that candidates are not unfairly disadvantaged by testing processes.
- Give candidates feedback on test results unless there are compelling reasons why feedback should not be given.