

## **ETHICS IN HUMAN RESOURCES MANAGEMENT:**

Today's human resources professionals manage more moral, ethical and legal responsibilities than ever before. Often, human resources ethics policies around these issues can directly impact how a company attracts and retains talent. Acting as the moral heart of a company can seem like an overwhelming task. But no matter the issue, HR professionals that uphold strong ethical standards and strive for a fair work environment will maintain employee confidence and attract new candidates.

Human Resource Management (HRM) deals with work force management, manpower planning and other employee related activities in an organization. Therefore, we can say that it is a special branch of management where ethics play a crucial role. HRM concerns human issues,

## **THE IMPORTANCE OF ETHICS IN HUMAN RESOURCES**

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.

### **The Right Side of the Law**

Breaches of ethics in human resources can lead companies into a world of legal trouble, in both the civil and criminal arenas. 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.

### **Safeguarding the 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 the resumes in elsewhere.

### **Keeping 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 Programs**

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.

## **GUIDELINES FOR HUMAN RESOURCES TEAMS**

### **Know the laws**

As a representative of an organization, HR professionals need to make tough decisions and hold employees accountable for wrongful actions—and that's not an easy task. To do so effectively requires confidence and authority. Knowing important labor laws and compliance practices will help manage these issues as they arise, as opposed to after the fact.

For example, if an employee were to request short-term disability, you would need to understand your benefits provider's short-term disability policy and eligibility. You will also be expected to know insurance laws and explain them to your employee. Familiarizing yourself with these laws early on will save you time and equip you with knowledge to navigate legal challenges in the future.

### **Prioritize professional development**

HR is a constantly changing field, especially as new conversations arise and technology continues to change the way we work. Staying on top of these changes requires a new set of skills and knowledge. Participating in trainings is one way to stay ahead of the curve.

Many HR professionals also pursue advanced degrees and certifications specific to the field.



Some become specialists in a particular area, like payroll, recruiting or benefits. Others, like HR generalists who have a broader set of responsibilities, may choose to continue their professional development through workshops and continued education. There is no one-size-fits-all approach to learning. HR professionals, especially those who are new to the industry, should assess their progress and consult their managers to find a career path that works for them.

### **Be an ethical HR leader**

Conflict between colleagues is inevitable in the workplace. Imagine, for example, an employee tells you that their manager, a high-level executive, has treated them unfairly. A situation like this requires you to engage in tough conversations with everyone involved. Being an ethical HR leader means being confident in your moral decisions and effectively communicating them to employees. And, according to the Josephson Institute of Ethics making an ethical decision requires three things:

1. Commitment: "The desire to do the right thing regardless of the cost."
2. Consciousness: "The awareness to act consistently and apply moral convictions to daily behavior."
3. Competency: "The ability to collect and evaluate information, develop alternatives and foresee potential consequences and risks."

Understanding where you, and your organization, stand on important issues will be critical in this process. Once you define these ethical standards, you can figure out how to respond to any human resources ethics issue-and maintain your employees' trust and respect.

### **Understand conflicts of interest**

Conflicts of interest are detrimental to how a business operates because they create internal politics that distract from a company's bottom line and cause the quality of work to deteriorate. Take favoritism for example-the practice of giving certain employees preferential treatment. It is not illegal to play favorites, unless in doing so you are discriminating against someone else on the basis of race, gender, sexual orientation or another protected class. While you can't change the law, you can implement company policies that prohibit this behavior.

One way to establish these policies is to update your employee handbook to define and discourage conflicts of interest-your employees might be partaking in this behavior without realizing it. In the case of favoritism, according to the Employment Law Handbook, the first step is to distinguish between favoritism and fair recognition based on measurable performance. Once you have written standards in place, make sure to also determine consequences for employees who fail to abide by the rules.

### **Implement diversity and inclusion practices**

Discussions today about diversity are often focused on recruiting efforts across race, class and gender. While these are important considerations, it's only one piece of the diversity and inclusion puzzle. By working with colleagues to develop a list of company values and morals, HR professionals set the standard for diversity and inclusion at their organization. This list will



help professionals zero in on what's important to their organization, and hold employees accountable.

**Race, Gender, and Disability** There are several examples of organizations where, until recently, the employees were treated differently based on the race, gender, origin, and their disability. This is not the case anymore since the evolution of laws and a regulatory framework standardized for the employee behavior. In ethical organizations, the only factor of appraisal is performance.

### **Privacy Issues**

All human beings working with any organization have their personal life. An employee needs the organization to directly or indirectly protect his/her personal life. This personal life includes things like the religious, political and social beliefs etc.

### **Keep information confidential**

From national social security numbers to medical records, HR professionals have access to a lot of confidential information about employees. By making sure paperwork and electronic systems are secure, you can rest easy that your company's information is protected.

As an HR professional, you also have a legal obligation to keep everything an employee tells you confidential, unless otherwise specified or discussed. For instance, if an employee comes to you with a concern about a colleague or tells you they have witnessed sexist or racist behavior in the office, it is your job to manage this information without revealing your sources.

### **Ethics in Recruitment**

A company should act ethically while advertising for job opportunities in the organization. They should ensure that the advertisement contains true information about the job rather than unrealistic information meant to attract the targeted applicant. The management should also ensure that they actually follow the due process in recruitment.

For instance, the company should not use vacancy advertisements as a mere PR process, while recruiting employees through other unacceptable means. A case in point is when the management advertises vacancy for the public to apply, yet they have already picked on a candidate to fill the position.

### **Ethics in selection and orientation**

During selection the HR panel needs to examine and discuss the values of prospective employees and use the findings of that process to make selection decisions. During orientation the company should emphasize the values that are upheld by the organization so that the employee can carry on with those values if selected.

The HRM department therefore, has a responsibility to ensure that the employees hired in the organization are able and willing to uphold ethical practices. When HRM hires ethical employees, chances are high that such employees will be consistent in ethical behavior when faced with ethical dilemmas at the work place.

### **Cash and Incentive Plans:**

Collective Bargaining Agreements (CBA) Cash and incentive plans include issues like basic salaries, annual increments or incentives, executive perquisites and long term incentive plans:

### **Employees Discriminations:**

A framework of laws and regulations has been evolved to avoid the practices of treatment of employees on the basis of their caste, sex, religion, disability, age etc. No organization can openly practice any discriminatory policies, with regard to selection, training, development, appraisal etc. A demanding ethical challenge arises when there is pressure on the HR manager to protect the firm or an individual at the expense of someone belonging to the group which is being discriminated against.

### **Performance Appraisal:**

Ethics should be the basis of performance evaluation. Highly ethical performance appraisal demands that there should be an honest assessment of the performance and steps should be taken to improve the effectiveness of employees. However, HR managers, sometimes, face the dilemma of assigning higher rates to employees who are not deserving them; based on some unrelated factors e.g. closeness to the top management. Some employees are, however, given low rates, despite their excellent performance on the basis of factor like caste, religion or not being loyal to the appraiser.

### **Safety and Health:**

Industrial work is often hazardous to the safety and health of the employees. Maintain health and safety measures at work place.

### **Restructuring and layoffs:**

Restructuring of the organizations often result in layoffs and retrenchments. This is not unethical, if it is conducted in an atmosphere of fairness and equity and with the interests of the affected employees in mind. If the restructuring company requires closing of the plant, the process by which the plant is chosen, how the news is to be communicated and the time frame for completing the layoffs is ethically important.