



MORAL PRINCIPLES TO BE OBSERVED IN CORPORATE SECTOR IN CONTEXT TO WORKFORCE

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ABSTRACT:

Business ethics or corporate ethics is a form of professional ethics that examine ethical principles and moral or ethical problems that arise in a business environment. Business ethics is the application of the principles of ethics in the area of business and commerce. This research paper basically focuses on the concept of business ethics and its importance in the survival of business organization. The purpose of this paper is to explain the ethical issues or unethical practices mostly prevalent in business organization related to the human resources, and how these issues can be resolved i.e. ethical practices which HR managers can follow to curb & control the unethical practices. This study clearly explore and evaluate the ethical nature of HRM, identify & define current ethical and moral issues confronting HR Managers and explains how these ethical & moral issues can be improved. “The truth of the matter is that you always know the right things to do. The hard part is doing it”. Business ethics deals with certain moral principles that can tell us whether a particular business concern is run in a morally right or wrong way. It studies how moral standards apply to systems and organization through which modern societies produce and distribute goods & services and the people who work within these organizations.

From the long term perspective, a business based on honesty, sincerity & ethical values will have sustainable future with abundance and if one does not have it, one cannot survive in the long –run.

BUSINESS ETHICS & HRM:

Human Resource Management is a business function that is concerned with managing relationship between group of people in their capacity as employees, employers and manager inevitably.

In today’s era of globalization, human resources are now viewed as a source of competitive advantage. It is being recognized that competitive advantage can be obtained with a high quality workforce that enables organization to compete on the basis of market responsiveness, product and service quality, differentiated product and technological innovations. It is usually the people and management system that make the difference. Human resource can become a competitive advantage for any organization when they feel themselves motivated and satisfied and it is in turn possible if ethics are followed by every organization effectively. Nowadays, Management

Style and management ideology has undergone a great change. New organizational forms and new ways of managing, including the emergence of more flexible working pattern has come into force.

“All HR practices have an ethical foundation. HR deals with the practical consequences of human behaviour” (Johnson, 2003)

Just as consumer’s perception of the ethics of a company can affect sales, so the views of its investor will affect its share price. Similarly, it has been suggested that poor standards of conduct emanating from top management affect employee motivation and commitment to organizational goals.

ETHICAL ISSUES IN HRM:

In a recent survey conducted by US-based society for Human Resource Management have identified various ethical issues. Some of more serious issues involve differences in the way people are treated based on favouritism or relation to top management.

Some of these issues are as follows:-

- Discriminatory Policies – in recruitment, promotion, wage payment and even in work allocation.
- Non-performance factors used in appraisals:
- Sex discrimination in compensation,
- Sexual harassment
- Longer working hours
- Increasing work stress
- Inconsistency in provisions related to discipline for managerial and non-managerial personnel.
- Non-performance factors used in appraisals.
- Worker’s rights and unionism are not looked upon favorably by employers.
- Downsizing and lay-offs practices without sufficient prior notices to employees.
- Sometimes privacy is not allowed and this goes against women workers.
- Industrial disputes are solved high handedly without much consideration for the inferior economic status of workers conflicts are not settled through negotiations and co-operations.

IMPORTANCE OF ETHICS IN HUMAN RESOURCES:

It is very important for any business owner or manager of Human Resource (HR) Department to pay attention to business ethics while dealing with human resources. HR includes numerous pitfalls that can change 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 Breaches of ethics in HR can lead companies into a world of legal trouble, both in civil and criminal areas. Companies with comprehensive ethics program in place can avoid costly trouble regarding discrimination and hostile work environment issues, resulting lower cost for litigation & out of court settlement.

If in any organization the ethics are not follow by business owners there it can damage company reputation among consumers, potential strategic parents and potential future employees as ethics watchdog organizations consultancy keep their eyes on such organizations which are not following ethical behavior and they spread words about companies misdeeds which affect the goodwill of organization badly.

By treating employees ethically organizations can win employees trust and loyalty which provides distinct benefits to employers.

All these can increase employee's productivity and efficiency over time in addition to keeping recruiting and training costs under control.

Business is scrutinized in various ways by general public and employees. The ethical way in which trained human resource professionals handle employee concerns, complaints, issues and events is perhaps the most important impression on employee receives as human resources acts as the liaison and advocate for all employees while also acting in the best interest of the company.

ETHICAL PRACTICES TO OVERCOME UNETHICAL PRACTICES:

"We can invest all the money on Wall Street in new technologies but we cannot realize the benefits of improved productivity until companies rediscover the value of human loyalty."

Human beings associated with any business organization should be considered as an important asset of the organization. As the success and failure of any organization is basically depends on their efficiency, and their efficiency further depend upon the treatment they get in an organization. As stated above, there are various unethical practices are prevalent in different organizations. To overcome all these issues or unethical practices every business organization should follow ethical values. There are different ethical practices which we can use to make human resources productive and satisfied and to resolve the ethical issues.

ETHICAL PRACTICES COMPENSATING EMPLOYEES:

Most of the time, discriminatory compensation policies are followed by different organizations. This discrimination and favourism leads to the dissatisfaction among talented and skilled employees in an organization, compensation should be according to the skill, caliber and work performance but not according to his/her gender, caste, religion, age, race etc.

It is ethical on the part of employer to provide wages to their employees who are legal, moral and just.

Ethical wages are the wages which keep the company competitive.

The wages of workers should reflect the contribution they make to the company in which they are employed.

2) ETHICS IN PERFORMANCE APPRAISAL:

Evaluation of skills and capacities of employees working in an organization according to predetermined standards are commonly known as Performance Appraisal. It is necessary as on the basis of performance appraisal one can differentiate the different employees working in an organization on the basis of their productivity level etc.

Performance appraisal provides base taking various decision regarding promotion, salary or incentives etc.

The performance of the employees should be measured on the basis of these factors

- Quantity of Output
- Quality of Output
- Timeliness of Output
- Presence on the Job
- Efficiency & Effectiveness of work Completed

All the time of performance appraisal managers should follow ethics as these practices of manager have deep impact on the employee and managers relationship.

- An appraiser should not reward to an employee that we/ she likes more than another when other is more qualified.
- Appraiser should provide consistent, reliable and valid information.
- Providing training for the appraiser will help familiarize them with the different rating errors which can improve the rater performance. If you are unaware they may make these unethical errors during the appraisal.
- Feedback regarding employees performance should be provide to them as it is necessary for growth or change to occur. Keeping any result away from the employees is unethical.
- The feedback that appraiser provides should be confidential leaking it to unnecessary employees is unethical.
- The techniques, ratings in the performance appraisal should be standardized. For example, if they provide one form or rating system for one employee, they must provide the same for another.

Knowing the laws related to appraisal is an important consideration to have unbiased and fair performance appraisal. By implementing training and awareness programs for performance appraisers is a good way for them to become familiar with the unethical possibilities so that they can prevent themselves from having them occur during a performance appraisal.

3) ETHICAL RESOLUTION OF PROBLEMS RELATED TO DISCRIMINATION:

In any organization employers should not discriminate on the basis of race, age, nationality, religion etc. As discrimination on this basis are considered as unethical practice.

- **Racial Discrimination:** It is unethical to discriminate on the basis of race against any individual in regard to recruiting, hiring & advancement. The race discrimination should not be the basis for differences in pay or benefits, work assignments performance evaluation etc.
- **Disability Discrimination:** If any business organization disability should not be a basis for denying employment to a person. A employer should make a reasonable accommodation to the known disability of a qualified applicant or employee.
- **Age Discrimination:** It is unlawful to discriminate a person because of his/her age with respect to any term condition or privilege of employment including hiring, firing, promotion, lay off, compensation, benefits, job assignment and training . Request for age information in pre-employment inquiry was made for a lawful purpose rather than for discrimination.
- **Sex-based discrimination:** In any organization, employers should not discriminate employees on the basis of his / her sex in regard to hiring, termination, promotion, compensation etc. Employees who are engaged in any particular job which require equal skill, efforts & responsibility should be compensated equally to a men and women.

ETHICAL RESPONSIBILITY OF EMPLOYERS TO PREVENT SEXUAL HARASSMENT:

Sexual Harassment is a crime and it should be avoided in all circumstances. It is responsibility of HR manager to take important and effective steps to control this type of unethical practices. Employers can prevent sexual harassment by framing policies and through publicizing the policies at all the levels of organization.

Employer should ensure that his supervisor and manager understand their responsibility under the organization's anti-harassment policy and complaint procedure.



CONCLUSION:

Business ethics is now the world of the day. At this stage it is necessary to understand the differences between ethical responsibility & social responsibility of business. The purpose of social responsibility is to promote social development but ethical responsibility is a type of moral responsibility to ensure the employees enjoy a reasonably good working atmosphere & also get some opportunity for their moral development too.

In a growing numbers of organizations human resources are now viewed as a source of competitive advantage. It is being recognized that competitive advantage can be obtained with high quality workforce that enables organization to complete. High quality workforce can develop only when organization follows business ethics.

The top level management should give due important to ethics related to Human resources as it provides a sense of belongingness and satisfaction among human resources. In the days of value based management the emphasis has shifted from creation of physical productivity to value creation that includes the idea of value added as well as ethically and human values. So, in this competitive world, an organization can gain competitive advantage if HR manager understand their ethical responsibilities and make efforts to fulfill it.



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