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Abstract: Ethics are the standards of right or wrong, good and bad which provide a framework for deciding on the appropriate or inappropriate behaviour. This can be enhanced by having clear and explicit legislation and policies, such as the Ethics and anti-corruption laws in Kenya which are meant to offer guidelines on ethical conduct. HR professional today faces many ethical dilemmas in organizations as they strive to help organization’s achieve their financial goals sometimes at the expense of ethical HR practices. This paper focuses on some specific Human Resource management practices and the ethical dilemmas that the HR professional faces. It is based on a literature analysis of some of the ethical issues facing HR practices in the areas of; Reward management, Labour relations, work practices as well as termination practices, training and development, performance appraisal, recruitment and selection, green HR practices and how this relates to sustainable to sustainable Human Resource Management practices.

Keyword: Sustainability, Ethics, Human Resource Management practices, Reward management, Labour relations, work practices, termination practices, Green HRM, Sustainable HRM

1. INTRODUCTION

Many organizations today have put ethical issues on the margin as they focus on profit or results, with the ethical dimensions of HR policy and practice not being given great attention. Institute of Business Ethics (IBE) defines business ethics as “the application of ethical values to business behavior”, where ethical values need to be embedded in the entire organization. According to Basran and Webley (2012) in a British survey on Employees views of Ethics at work by Institute of Business ethics, the pressure for survival and profits has made most organizations and employees to “cut corners” and adopt some unethical business practices. According to a 2011 Edelman Trust Barometer research, it found that only 38% of the UK general public said they trusted business to ‘do what is right’, with many ethical lapse being reported in the media. The situation is not any different in Kenya with ethical lapse being reported in different sectors of the economy; such as the Chase Bank saga, Uchumi supermarket and corruption allegations at county levels. From a report by the Ethics and Anti Corruption Commission report of 2014 and 2016 (EACC, 2014, 2016) Corruption perception nationally and at county level stood at 39.4% and 25.9%: respectively in 2014, however it increased to 79.3 in 2016. This paints a grim picture on the ethical lapses in Kenya. According to Chaubey (2014), ethical issues in the workplace are often “invisible” with ethical violations sometimes going undetected and unreported.

According to Buckley, Beu, Frink, Howard, Berkson, Mobbs and Ferris (2001), as organizations move towards a more ethical approach to conducting business, human resource management will play an instrumental role in developing a more ethical organization. According to Carter (2015) in a paper on Ethical Dilemmas in HR practice, it would be the expectation that HR managers would be the first to champion ethical work practices and notice when there are deviations. However HR managers also seem to have the same “corporate blind spots and group think” that is associated with other
managers when it comes to issues of ethics in the face of competitive pressures or organisational change. Unethical HR practices can prove to be disastrous for organisations, this is due to negative views of stakeholders and investors which can damage the organization’s reputation leading to declining share prices, or increase in litigation costs.

Ethical human resource practices are vital to enhancing enterprise financial performance however there has been many cases reported in the media and in research about discrimination and unfair HR practices. These includes in the areas of recruitment and selection, career development, reward and remuneration to mention a few. According to Winstanley and Woodall (2002), employee well being and ethical treatment are critical for an organizations success because this enhances the motivation of employees as well as gives the organization a good reputation with its customers and other stakeholders. HR management consists of systems, policies and practices that directly influence employees’ behavior, attitude and eventually performance (Armstrong, 2010). The need for ethical practices in organizations has translated to the creation of codes of conduct, legislation and policy framework to ensure fairness and ethical practices. In addition ethical HR practices have been stressed upon through the creation code of conduct and legislation to guide HR practitioners towards ethical HR practices.

There is great interest on the role of the HR professional as the guardian of ethics who according to Winstanley and Woodall (2002), needs to play their ethical stewardship role seriously. The ethical role of the HR professional is seen as including that of communicating the codes of ethical conduct, providing training in ethics, managing compliance and monitoring and taking the lead in conducting themselves ethically as well as creating an ethical work culture and work environment. Many organizations have values that they aspire to determine their modes of interaction within and outside the organization, however few of them are espoused or lived. One of the challenge has been in the area of ethical Human resource management practices. Several recent debates about ethics and HRM are summarized in the Winstanley and Woodall (2000) edited compilation of papers originally given at conferences in the UK. They briefly note how various management theories might be seen to approach ethics and HRM, and then explore approaches intended to enable a balance of human resource practices, for example recruitment and selection, training and development, work practices, remuneration, and employee participation.

A. SUSTAINABLE HRM PRACTICES

According to IISD (International Institute for Sustainable Development)” Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts”. According to the Sustainable Development commission, the core of sustainable development is an approach to development that seeks to balance different, and often competing, needs against an awareness of the environmental, social and economic limitations we face as a society. Development that is only profit driven is not sustainable, sustainable development is concerned with finding better ways of doing things, both for the present and the future.

In Human resource management the term sustainable is often associated with strategic human resource management where the focus is mainly on creating a sustainable competitive advantage through adapting HRM practices that are difficult to imitate and aligning HRM practices to the strategic goals of an organization. The concept of sustainable HRM practices is therefore crucial in contributing to sustainable development of an organization, by adopting HRM practices that not only meet the present needs of the organization but also ensure that the organization has the ability to meet their needs in the future. According to Dyllick & Hockerts (2002) as cited by Stankeviciute and Savaneviciene (2013) in their journal on “sustainability as a concept for human resource management”, sustainability at the wider organizational level can be defined as meeting the needs of organization’s direct and indirect stakeholders without compromising the capacity to meet the needs of future stakeholders. The input of Human Resource management is therefore critical in enhancing sustainable development through developing sustainable work systems and sustainable HRM practices that aim to make the organization the employer of choice. The concept of sustainability in HRM involves managing human resources sustainably so that the employees can make positive contributions to the organization in terms of meeting the strategic and long terms goals of the organization without compromising their ability to meet the needs of their families and community, while they are actively employed in an organization. At the same time it seeks to prevent negative effects of poor unethical HR practices on the organization (Stankeviciute and Savaneviciene, 2013). This is by having sustainability principles integrated in HRM systems and work practices so as to ensure employee wellbeing as well as their development as critical resources that are needed now and in the future so as to sustain the human resource base for the future.

According to Ehnert (2006) as cited by Stankeviciute and Savaneviciene (2013), “Sustainable HRM is the pattern of planned or emerging human resource deployments and activities intended to enable a balance of organizational goal achievement and reproduction of the human resource base over a long-lasting calendar time and to control for negative impact on the human resource base.” Sustainable HRM is based on three approaches which are; Sustainable Work Systems, Sustainable Resource Management and Sustainable HRM practices. Sustainable work systems do not only focus on intensive work systems that are related to consumption of human resources physically, cognitively, socially and emotionally, but instead focus on a balance between quality of working life and performance of organization. The approach of Sustainable Work Systems is to ensure; future supply of qualified and motivated human resources by putting more emphasis on the regeneration and development of human resources, the prevention of unwanted negative HRM effects by understanding of the mechanisms and processes that lead to human resources exploitation.
B. RESEARCH OBJECTIVES

a. GENERAL RESEARCH OBJECTIVE

To assess the relationship between ethical issues in human resource management practices and sustainable Human Resource Management

b. SPECIFIC RESEARCH OBJECTIVE

✓ To assess the ethical issues in selected Human Resource Management practices
✓ To determine the relationship between ethical issues in selected HRM practices and sustainable Human Resource Management.

II. LITERATURE REVIEW OF ETHICAL ISSUES IN HUMAN RESOURCE MANAGEMENT

A. ETHICAL REWARD MANAGEMENT PRACTICES

According to Mathenge (2011), Rewarding means recognizing employees, individually and as members of groups, for their performance and acknowledging their contributions to the organization’s goals and objectives. If used well Reward management plays a key role in motivating employees towards greater productivity. Today the HR professional is under a lot of pressure to raise the salary and incentives of top management and the general employees. One of the ethical issues in reward management include issues of inconsistencies in pay. There is great pressure to increase the basic salary and incentives of top management and CEO’s for the purpose of ensuring retention and motivation of the same, which results in wide disparities in terms of pay, a situation that can be considered unethical. According to Buckley et al (2001), this has led to manipulation of accountability, since the people who are involved in CEO compensation decisions are mainly the board members. This “collusion” between the board members and the CEO makes accountability less effective as the two parties try to manipulate or influence their accountabilities.

According to Cherrington (2009), ethical concerns have been raised where CEO’s accepted “millions of dollars in bonuses and stock options while their firm’s shareholder returns plummet” hence “Compensation needs to be viewed as a moral and ethical issue that must be guided by ethical criteria rather than legal constraints”.

As a multiple of the average worker’s pay, the median CEO pay has grown from a multiple of 18 times in 1965 to 18 times in 1985 to 91 times in 1995, to 194 times in 2005 (ibid), this means that executives have come to expect enormous salaries, big bonuses, and large amounts of stock options even where they are being rewarded for short term success that overlook the long term sustainable development of organizations. This therefore implies that HR professionals have the responsibility to design ethical reward and compensation systems that consider issues of fairness of pay so as reduce the wide disparities between top executive and the other employees but also at the same time ensure that the long term survival of the organization is not compromised and ensure that executive pay is tied to the long-term profitability and survival of an organization.

Similarly there is also increased pressure to raise the basic wages and allowances of the other cadres of employees through the pressure of trade unions and labour unrest, which results in collective bargaining agreements that sometimes compromise the profitability and sustainability of organizations. The HR professional therefore faces an ethical dilemma of giving in to this pressure or advising management and trade unions on the best way forward. According to Business Ethics Briefing (2014), one of the ways of achieving fairness in organizations is by having balanced pay structures that avoid excesses at the top and avoid exploitation of those at the bottom. Since compensation is for all the members of the organization, Individuals should be treated equitably with respect to compensation so as to ensure the principle of equal pay for work of equal value. This includes ensuring perceptions of procedural and distributive justice, evaluating the fairness of the reward system, monitoring compliance with legislative mandates and implementing systems that minimize the influence of wage compression (Buckley et al, 2001), however when this is missing then use of subjective judgment to make arbitrarily decisions on pay can raise ethical and moral concerns. According to Cherrington (2009), there are no universal standards or formulas for calculating how much money an employee deserves, ideally there ought to be a criteria that should be used to make pay decisions. These criteria should be developed after conducting job analysis and job evaluation so as to determine the relative size and worth of the job as well as ensure there is internal and external equity. This can act as a guideline when making pay decisions.

HR must deal with conflicting needs to keep labor costs as low as possible and to also offer fair wages. Ethics come into play when HR must choose between outsourcing labour to acquire cheap labour that is paid lower wages and has to work under harsh conditions while at the same time paying competitive wages to the full time core staff. This has also been witnessed in instances where global companies choose to outsource labour from poor countries or choose to relocate to less developing countries (LDC), where workers are paid low wages and have to work under harsh conditions. The ethical concerns therefore involve exploitation of the workers at the bottom through minimum wage. According to to Business Ethics Briefing (2014), there are issues of unfairness when it comes to wages paid to the lowest paid workers, this has been exemplified during outsourcing where companies chose to locate their operations to countries with low labour costs, this has led to perceived levels of unfairness in pay and accusations of exploitation of labour.

In Kenya the minimum wage is K.Shis. 10,954/ in major cities and K.Shis. 5,844/ in other cities for general workers and low cadre workers. This is below what is required for one to Live below the poverty line, this means that there are employees working fulltime yet because of their low earnings are forced to live below the poverty line. In addition some of the employees in the lower cadre are also not provided with the benefits for pension or medical insurance which puts them in a very difficult position. HR professionals have the ethical role of designing reward systems that cater for the employees at the bottom and at the top so as ensure the supply and
retention of with qualified and motivated human resources for sustainable development of the organization, the individual and the society. The approach of Sustainable HRM offers future supply with qualified and motivated human resources due to human resource development, design of fair reward systems.

B. ETHICAL LABOUR RELATION PRACTICES

The employee in the labour market has the interest of selling their labour for the best possible price and conditions. The employer in the labour market has the interest of buying labour on the best terms, and on conditions that will enable the labour time which has been bought to be turned into productive output. Given the pluralist orientation within the work place, ethical issues are inevitable. According to Provis (2005) Ethical issues in labour relations include issues on imbalance of power between management and trade unions during workplace governance as well as employee voice and participation. Workers should be given a chance to participate in issues that affect their lives in line with the ethical principles of autonomy, respect for persons and consent; they also expect to be treated with fairness. However due to the imbalance in power relations between the employees and the employer sometimes this is over looked raising ethical questions as employees are not treated like responsible people capable of making positive contribution, this can also be considered to be a violation of employees right.

Other ethical issues also include; where trade union officials develop friendly relations with management and disregard issues of injustice and unfairness that they are meant to address in their role of providing employee voice. Where management and leadership through the HR seek to compromise union officials so as to continue with unethical practices then raises issues of unethical labour relations where the management and Trade unions collude to the detriment of the general workforce.

According to Boardman and Barbato (2008), in a review of socially responsible HR and labour relations practice in international hotel chains, trade unions and management has the ethical responsibility to ensure that they promote social dialogue and joint working so as meet the needs of all the parties and ensure there is no exploitation. Both parties should not hold onto hard-line stands on their divergent views but should also consider the general good of the organization and the community. In addition trade unions have the ethical responsibility of protecting the employer’s property even when on strike while employers have the ethical responsibility of treating their employees with respect and dignity, while allowing the employees the freedom of association to join trade unions for the purpose of collective bargaining. Employers should not oppose or make it difficult for their employees to joining trade unions.

There are also ethical issues surrounding collective bargaining where employers view workers as part of the factors of production and hence employers as owners of the capital during production resist collective bargaining agreements that are geared towards improving the livelihood of employees. This dehumanizes employees and goes against the ethical principle of respect and dignity for human life. The right to strike and strike activity also raises ethical questions since strikes do not only affect the employer and employees but they also extend to the community that the organization serves. Strikes that endanger the community are considered to be unethical, while workers or employers that engage in violence are also considered unethical. Use of replacement workers has also been considered to be unethical since it seeks to undermine the right of workers to strike and picket for better terms. This infringes on the workers freedom to strike for fear of replacement. Majority rule and compulsory unionization is another ethical issue, this is because it infringes on the workers right to freedom of choice or having a contrary opinion. When trade unions compel all members of a bargaining unit to be members so as to stem the “free rider problem”, ethical issues can arise where some employees may feel “forced” infringing on their right to freedom of choice.

C. ETHICAL WORK PRACTICES

Legislations have been created making it mandatory for the organisations and managers to compensate the victims of occupational hazards, however in some organizations HR professionals turn a blind eye as employees are exposed to unsafe and poor working condition, this forms an unethical HR practice which also contrary to the Occupational Safety and Health Act -2007 (OSHA, 2007).

Sustainable and ethical work systems and work practices do not only focus on intensive work systems that are related to consumption of human resources physically, cognitively, socially and emotionally, but instead focus on a balance between quality of working life and performance of organization. According to Mazur (2014), sustainability at one level cannot be built on the exploitation of the others, this implies that organizations need to adopt work practices that do not compromise sustainability at the individual, organizational and societal level. Short-termed profit orientated strategies such as downsizing, outsourcing adopting high intensive work systems may in the long term compromise sustainable development by having a negative impact not only on the employees and their families but also on the community and society at large. The organizations have a responsibility to provide a healthy and safe working environment.

According to Boardman and Barbato (2008), in a review of socially responsible HR and labour relations practice in international hotel chains, where workers are mainly outsourced to third party providers, it was established that the HR professionals have an ethical role to ensure that the employees are not exploited but are provided with a good working environment. In this research the franchising parent (the hotel chain) usually specifies certain conditions to be met in the franchising agreement which include the employment standards and good human resource management practices. Where these standards are not maintained the Franchising parent can withdraw or terminate the franchising agreement so as not to compromise the reputation of the franchising parent brand. This implies that organizations and their subsidiaries as well as partners have the ethical responsibility to ensure that ethical work practices are promoted for the betterment of humanity.
D. ETHICAL ISSUES IN TRAINING AND DEVELOPMENT

According to Mazur (2014) sustainable HRM is defined from a Sustainable Management perspective as what companies themselves have to do in their environments to have durable access to skilled human resource and where the greatest contributions by the HR function to sustainability is in the fields of leadership development training and development. Employees should be provided with training and developmental opportunities so as to encourages excellent performance, improve job-related skills, competencies and capacity as well as help employees to be adaptable and keep up with changes in the workplace. When the HR professionals do not provide equal opportunities for training and opportunities to all employees then this becomes an unethical practice.

HR professionals also have the responsibility to provide training on ethics. According to a 2009 Employee Ethics survey by Illinois Executive Ethics commission employees was of the opinion that the ethics training that they received was useful in helping then to identify ethical issues and also in guiding their decision-making in the workplace in issues that cause them to face ethical dilemmas. Training on ethics was found to be key in guiding employees towards ethical behavior.

E. ETHICAL ISSUES IN RESTRUCTURING AND EMPLOYEE TERMINATION

Hiring and termination decisions must be made without regard to ethnicity, race, gender, sexual preference or religious beliefs. Sometimes organizations have to undergo restructuring which in some cases may result in downsizing and Layoff, the ethical issue arises when layoffs are not done in a fair or transparent manner. Other issues also include the manner in which the information is communicated and how the employees are prepared or counselled to handle the news.

According to Buckley et al. (2001), downsizing decisions should be made from an ethical perspective and not from a political perspective. There are ethical implications in the process by which termination decisions are made and actions taken. For example, if restructuring that requires closing of a plant is chosen, the process by which the plant is chosen, how the news will be communicated, and the time-frame for completing the lay-offs are ethically important. If conducted in an atmosphere of fairness and equity and with the dignity of the affected individuals in mind, the action is ethical. Layoffs and terminations should be the last result after all other alternatives are explored. Some of these alternatives include; proportionally reducing work hours to spread the pain of reduced employment costs across the entire work-force, Reducing wages for all employees, Taking work previously outsourced (such as maintenance or subcontracting) back into the organization, freezing hiring and redeployments of affected staff as well as through use of outplacement services.

HR specialists should also be involved in advising, managing and organizing on redundancies in the following ways: offering advice on and implementing other methods of reducing numbers or avoiding redundancy; planning ahead to achieve downsizing without involuntary redundancy example by proper forecasting of HR needs, freezing recruitments, rationalizations or transfers, eliminating overtime, use of outsourcing or temporary workers or encouraging voluntary redundancies such as early retirements/ golden handshake if all other methods fail ; developing and applying a proper redundancy procedure (example the LIFO (last in first out or vice versa), or a fair redundancy selection policy; dealing with payment arrangements for releasing employees; as well as ensuring that redundancies are well managed.

HR specialists can also offer outplacement services to the redundant employees. Outplacement is the process of helping redundant employees to find other work or start new careers. It may involve counselling, which can be provided by firms who specialize in this area. It also involves helping employees to redefine their career and employment objectives and then providing them with knowledgeable but sensitive guidance on how to attain those objectives.

F. ETHICAL ISSUES IN PERFORMANCE APPRAISAL

Performance appraisal is a process of evaluating the performance of an employee in relation to set standards and norms through observation and judgment. The subjective nature of performance appraisal raises ethical issues, since the main objective of performance appraisal should be to have an honest assessment of an employee’s performance. 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 according to Buckley et al (2001), performance appraisals is not honest nor accurate in some organizations but a political process that has been perceived to be subjective leading to favorism and limiting an employee’s career and personal development.

Performance appraisal becomes an ethical issue when assessment of an individual’s performance is based on observation and judgment that is subjective and ineffective. This is seen in situations where some managers assign performance rating based on unrelated factors (for example, the employee is not loyal to the appraiser, or the appraisee belongs to a different community, religion, gender, race or ethnic tribe. Ethics should be the foundation of performance evaluation, and the overall objective of high ethical performance reviews should be to provide an honest assessment of the performance and mutually develop a plan to improve the appraisee’s effectiveness. According to Chaubey (2014) ethics play an important part in performance management because performance is affected by ethically related issues, such as “treating others with respect” which in turn can influence the performance of employees and the interpersonal relationships between the appraiser and the appraise.

G. ETHICAL RECRUITMENT AND SELECTION PRACTICES

Recruitment and selection is said to be ethical when it follows the laid down policies and procedures and results in hiring that based on fairness, free from biasness or
discrimination where the person hired has the skills and competencies required for the job and also fits the culture of the organization. According to Wheeler (2004), some of the unethical recruiting and selection practices include: include how a position is represented to a candidate, how candidates are located, and how interviews are conducted.

Some of the ethical roles of HR professionals during recruitment and selection include: generating many job applications, selecting the best employees to hire not based on any form of discrimination or favoritism, providing realistic job previews so that the job applicant gets a preview of the job before being hired, as well as treating all the job applicants with dignity and respect and upholding their rights, and making selection decisions that are best for the organization. They should not allow themselves to be compromised when making selection decisions but should put the best interest of the organization first and make selection decisions based on merit. Where the organization provides special considerations during recruitment and selection for example affirmative action where certain groups are given special considerations then these considerations should be well stated in the company’s policy statement, any preferential treatment should be one that is legally allowed.

III. GREEN HR PRACTICES

According to Deshwal (2015), Green HRM is the use of HRM policies to support the sustainable use of resources within organizations to contribute to environment sustainability. According to Ahmad (2015), in a journal on Green HRM; policies and practices, Green HRM is a practice that involves the HR departments playing an active role in ensuring that the organizations “go green” by creating a green workforce that shows concern for the environment so as to help in the reduction of ecological foot prints”. This is through the use of policies and practices that promote sustainable use of resources and a concern for the environment. Green HR consists mainly of 2 major elements which are; environment-friendly HR practices and preservation of knowledge capital. Hence according to Mampra (2013) as cited by Ahmed (2015), Green HRM is the use of policies and practices to encourage the sustainable use of resources within the organizations and promote a concern for the environment.

These Green HR policies and practices include in the areas of; recruitment and selection, rewards and compensation, Performance management. This helps the organization to recruit the right employees who have a concern for the environment by having “green job vacancy announcements and green job descriptions” as well as by having a reputation as a “green organization”. They also include induction practices and training to ensure that new employees and existing employees embrace a green corporate culture and have the necessary knowledge, attitudes, skills and competences that help in environmental conservation. Green performance management is a HR practice that ensures that environmental concerns and targets are integrated in performance management systems, with performance appraisals rating dimensions of environmental stewardship.

Green compensation is the rewards and compensation policies and incentives that encourage and reward “eco-friendly initiatives carried out by employees or green behaviours”, while Green Employee relations entails having employee’s involvement and participation as well as empowerment in environmental conservation activities or “green initiatives or eco entrepreneurial activities”.

IV. CONCLUSION

HR professionals play a key role in ensuring that an ethical organization is developed and sustained by promoting ethical Human Resource Management practices and promoting an ethical corporate culture. By adopting ethical HRM practices that not only meet the present needs of the organization but also ensure that the organization has the ability to meet their needs in the future without exploiting the human resources sustainable Human resource management can be achieved that can ensure the sustainability of an organization. Therefore ethical Human Resource practices are key in creating sustainable HRM practices. This is by adopting HRM practices and activities that meet the organizations goals but that do not compromise the organizations ability to meet their needs in future in terms of having a negative impact on the human resources or on the community and the environment at large.

REFERENCES


