

Critical Analysis of Ethics in Human Resource Management and Employee Performance

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Abstract- Current corporate dynamics have led to the growing interest in business ethics, both in academia and in the professional practice. However, moral lapses continue to happen in human resource management activities, leading HR academics and professionals to rethink what to do to reinvent new strategies to successfully manage ethics in HRM functions. The broad objective of this critical literature review therefore is to establish the role ethics can play in human resource management to improve organizational performance. The methodology used was critical review of relevant literature with the scope of the study encompassing qualitative research of theories and comparative nature of ethics in HRM. The study attempted to answer the question: does the application of ethics in HRM functions improve employee performance? The critical concern is that ethics in the management of human resource still lags behind compared to business ethics today. The role of ethics in human resource management appeared to be relegated to compliance with business principles perspective. The finding from the critical literature review was that ethics in HRM is significant in improving employee performance. All HR practices need to be fair in their approach and application and the call for strong appreciation of ethics in HRM should be headed. Studies strongly suggested a need for the application of ethical principles in HRM which will be seen to be fair, acceptable across the board and can be considered as a basis for a minimum standard to evaluate ethics in HR practices.

Index Terms- Ethics ,Human Resource Management, Ethical climate, Employee Performance

I. INTRODUCTION

1.1 Background of the Study

Literature on ethics shows that organizations in the 21st century are experiencing the throes of ethical challenges that are essentially threatening their existence (Miller, 2009). Emerging scientific and technological advancements, increased employee awareness of their rights, competitive challenges, globalization and leadership behaviours have made it difficult for human resource managers to ignore the important role ethics can play in the business activities, employees' daily activities, and in the HR functions. As noted by Berrone (2007), critics of ethics in HRM infer that ethical issues still remain a controversial and sensitive area and continue to challenge human resource managers' persuasion of ethics against the organizational bottom line. Despite

such criticism many HR practitioners have begun to develop an appreciation for traditional philosophies of morality and appreciating diverse ethical viewpoints of others in organizations (Valentine, 2006). Rogers (2011) had a view that companies that develop policies and procedures that address ethical behavior build a positive environment for high employee performance.

Critics of ethics in HRM however note that ethical commands are not always clearly evident and easily understood by a number of HR and line managers thus leading to disagreements about what should be considered right or wrong and that inference creates an ethical dilemma among managers (Hofstede (2001). Such ambiguities critics say sometimes lead some business managers to believe that ethics is based merely on personal opinion and choice. Current reports show that unethical labour behaviours are rampant in organizations in Kenya (Office of Ombudsman, 2014). The report showed unethical business practices in Kenya as a big orchestrated syndrome which manifests itself in recruitment and promotions of employees in the form of kickbacks otherwise called bribes and nepotism. The major concern as noted by James (2002) is that unethical practices have contributed to high unemployment of skilled people, poor services, business closures, legal cases, employees' retrenchment and so on that are a huge cost to organizations. With this background, it is therefore vital to review the role of ethics in HRM and significantly in spurring performance in organizations. The main research gap is that there has been tremendous increase research in business ethics but little has been about the relationship between ethics in HRM practices and employees' performance (O'Fallon and Butterfield, 2005). Broad objective of this critical literature review is to establish the role ethics in human resource management can play to improve organizational performance. The study is expected to determine any further gaps available from previous studies that may enhance continuous research in the study of ethics in human resource management. The findings of this literature review are expected to add to the body of knowledge in the study of HRM as an academic discipline. Further, the findings will go along way in improving the HRM practice in organizations and particularly in Kenya where organizations may develop policies as a result, with the aim of improving performance. Lastly the study is suppose to answer the question, does the application of ethics in HRM functions improve employee performance?

1.2 Human Resource Management Functions

Ulrich (1997) defined Human Resource Management (HRM) as the strategic approach to effectively and deliberately manage employees in organizations by maximizing employee's performance in meeting set objectives. Foot (2001) described HRM as activities primarily concerned with managing employees focusing on policies and laws that govern employee employer relationships and the general labour systems. Schumann (2001) noted that this process of managing the relationship between employees, employers and managers raise ethical questions about their individual responsibilities and rights as well as what is expected as the right attitude. Van (2003) observed that HRM has an ethical foundation and deals majorly with the consequences of employee behaviour in organizations and such justifies the reason why ethical guidelines for HRM should be subsumed in HRM practice in order to address the ethical HRM dilemma that can hinder the successful attainment of organizational performance.

A review of HRM literature revealed there are five key HR functions in the organization thus, selection and the recruitment process, employee development, employee relations, reward process and performance (Wiley, 1993). Previous studies have indicated that Human Resources Management main purpose is to ensure that the organization is able to achieve success through people by bringing in new talent and skills and motivating them to give their very best (Winstanley, 1996). Other than that, HR professionals manage the human capital of an organization and target implementing policies and processes that enhance performance. The concept of HRM functions therefore is all those activities done by the HR department focused on managing employees to achieve organizational goals.

1.3 Employee Performance

Performance has been defined by Prasetya and Kato (2011) as the ability to achieve an outcome by the use of the employees' skills. Pattanayak (2011) also added that employee performance is determined by an observable and measurable outcome of his or her action in a given measurable task. Employee performance includes individuals' contribution in the achievement of organizational goals. Individual performance is very key within work structures (Campbell, 1990). However, measure must be considered in identifying specific individual performance by setting key performance indicators (KPI). Going by the current unpredictable business challenges, the concept of performance and performance measurement models are changing as well and that draw ethical concerns (Ilgen and Pulakos, 1999).

Studies show that when analyzing performance concept one has to differentiate between the behavioural aspect and the performance outcomes (Campbell, 1990). The behavioural aspects refer to how an individual employee does his work to complete a task while performance outcome is the target organizations set for employees to do. Therefore performance is not only defined by the action itself but by measurement of behaviour and appraisal evaluative processes that require ethical considerations (Motowidlo, Borman, and Schmit, 1997). The concern then is that the methods of performance management and evaluation process present ethical worries that this paper seeks to address.

1.4 Ethics in HRM

Ethics has been defined differently by various scholars. Kidder, Rushworth (2003) contends that ethics involves systematizing, defending, and recommending ideas of right and wrong conduct. Greenwood (2007) notes that ethics investigates issues such as how best do people live, and what behaviours are acceptable or not acceptable in any cultural environment. Legge (2005) notes that the practice of ethics is aimed at identifying and resolving challenges of morality by determining what is good or evil, right or wrong, virtuous or vice, justice and criminal. From these definitions it can be deduced that ethics determine acceptable conduct in HRM functions. Many studies advocates for the HR officers to take responsibility in promoting ethical behaviours that support organizational goals and societal ethical expectations of the business (Feldams 1996).

Maxwell (2004) indicated that there are three main fields of ethical studies that are so far recognised today and viewed to be of great relevance to HRM practice thus; the Moral ethics - that deals with right or wrong behaviours through levels of growth and reasoning from childhood to adulthood classified in stages of a persons development as pre-conventional, conventional and post-conventional stages of growth; the Normative ethics – that is an area that study ethical actions or beliefs in their prescriptive form for example causing a child to die due to failure of seeking medical attention because of a religious belief; and Meta-ethics – that investigates how people understand morals, know morality and what is meant with what is right or wrong (Kidder, Rushworth, 2003). Studies by the Institute of Business Ethics (2003) notes that ethics emanates from ethical reflection in work. Professional ethics of, for example, doctors, nurses and therapists, has its counterpart in medical and health care ethics. The ethics of businessmen has its counterpart in business ethics, so on (Crane 2007). Ethics is therefore premised on the practice of a profession and that is where we invoke the indulgence of HR as a profession in adopting ethics in its functions as a tool for improving organizational performance.

Scholars have variously attempted to give meaning and justification as to why the role of HRM practices should be embedded in ethics in day to day HR activities. Valentine (2006) posited that moulding employees to behave ethically requires development of a moral culture and climate. Ethical climate was defined as the shared perceptions of what ethically good behavior is, and also the method moral issues are handled (Victor and Cullen, 1987). According Foot (2008), moral climate represents the organization's policies, procedures and practices on ethical issues that influences workers' attitudes and behavior and forms a reference for worker behaviour. Oslon (1998) outlined moral climate as a persons feeling of how moral problems in their work atmosphere are managed.

Many researchers have stressed over time the importance of HRM in developing and sustaining ethical culture in organisations (John, 2000; Driscoll and Hoffman, 1998; Wiley, 1998; Wright and Snell, 2005; Thite, 2013; Parboteeah, et al, 2014). However, clarity is needed in the way moral dimensions in HRM can play a role in the process. Guest (2007) claimed that implanting ethics into HRM dimensions through acceptable firm interventions and developing further benevolent ways in which organizations operate is perceived by workers as new approach to HR sensitive and responsible organizations. Employees will accept that HRM can effectively contribute in developing and sustaining ethical

principles, moral culture and ethical climate that support performance (Baker, 2006). Entrenching ethical orientation in every purposeful dimension of HRM is indispensable for organizations now than ever before.

II. THEORIES OF ETHICS

2.1 Introduction

Baron (1997), mentioned three main approaches to moral theories thus; consequentialism, deontology, and virtue ethics although modern researchers mention two additional theories thus; Utilitarianism and Hedonism. In consequentialist ethics, the ethical character of associate action is measured by the particular and projected consequences of the action. Deontological moral theories regard the action itself as the object of ethical analysis whereas virtue theory thinks about the intention behind the action (Wiley, 2000) as shown in fig one below.

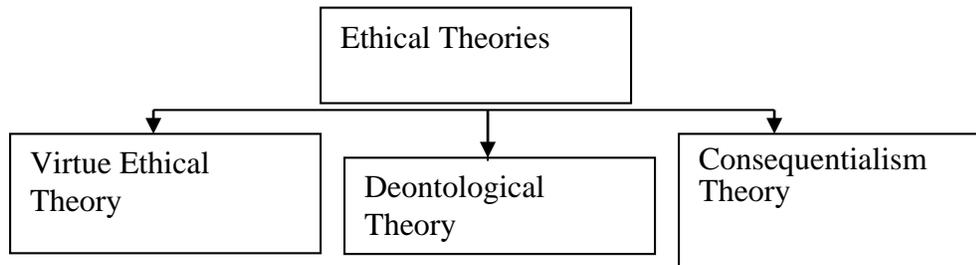


Figure 1: Typology of ethical theories (source: Author, 2018)

2.2. Virtue Ethics Theory

Virtue ethics was founded on a platform of four cardinal virtues known as Justice, Wisdom, Fortitude and Temperance (Paul, Richard; Elder, Linda, 2006). On the other hand Adams (1998) mentioned that there are nine more virtues that makes a moral person and further differentiated virtues dealing with emotions and desire from those dealing with the mind. Those dealing with emotions are called moral virtues for example love, courage, honesty ambitions or humility and so on while the ones dealing with the mind were called intellectual virtues for example wisdom, prudence, justice fortitude, magnificence, magnanimity and temperance. Virtue ethics is that category of ethics that concerns honesty and morality of an individual (Meyer, 1997). Virtue ethics specifies the unwritten guidelines for people's daily behaviour towards each other in the spirit of complex ethical interactions. Studies show that the strengths of virtue ethics to be better than any ethical theory in that virtue ethics examines the moral agent unlike all other theories, it regards human relationships highly, puts more importance to human emotions and most importantly it places virtue at the centre of morality (James, 2002).

Criticisms to virtue ethics fault it for not identifying what types of actions are morally or emotionally acceptable and which ones are not acceptable, and its failure to define what qualities a person should portray to be seen as a good person (Foote, 2008). In addition acts like murder may look immoral or impermissible by society and whoever does it lacks in virtue such as fairness or compassion but the same act of murder is acceptable in law for self defence or as the highest legal penalty (Sandler, 2007). Critics claim virtues are group specific and not generalized characters of people's behaviours that are guided by unwritten acceptable rules and principles and are informed by perceptions, expressions and past experiences. Further criticism say virtues are influenced by the environment one was brought up in hence virtues are relativists in nature, environmental specific and can not be generalized in that context (Goodpaster, 2007). Given the very nature of cardinal

virtues that is wisdom, justice, temperance and fortitude, there is very little of moral advice and decision making skills one can reasonably learn from virtue moral dilemma if virtue oriented approach is to be applied singularly (Sieber, 1992).

2.3 Consequentialism Theory

Perle (2004) described consequentialism as a moral theory applied to examine the ethical relevancy of an action given its contribution to general good of the society. Consequentialism is typically represented as a teleological theory, because it conceives of an ethical theory as setting a goal that we must always attempt to attain (Trevino 2001). The goal that consequentialism sets is to create an environment based on the best balance of good over bad (Butterfield, 1996). Consequentialist theory depends on whether or not the expected result is good or bad. The theory is sub-divided into three sub-types namely: moral egoism - as long as the action is good to the one that carries the action out, it's right; ethical altruism - as long as the action is good to everybody else, it's right; and utilitarianism - as long as the action is good to everyone as well as the one that carries the action out, it's right. Consequentialist theories concentrate on actions. The strength of consequentialism is that each one action and decision has a measurable consequence and it is straightforward to use (Ross, 2002).

Rule consequentialism theory is generally seen as a tool to reconcile deontology and consequentialism and in some cases; usually seen as a criticism of the rule consequentialism (Ross, 2002). Like deontology, rule consequentialism claims that moral behavior involves following rules. However, rule consequentialism chooses rules depending on consequences that the selection of those rules has. Rule consequentialism exists in the form of rule utilitarianism and rule egoism. Consequentialism theory is used to examine whether an action is right or wrong by the consequences of that action (Scheffler, 1982). For example it is widely agreed that lying is wrong but consequentialists agree that saying a lie to save someone's life is right thing to do when faced

with such option. In a hypothetical example, a driver who is faced with moral dilemma of either killing a person outside the road or himself and his passengers on an imminent head on collision with an on coming trailer chose to continue off-road and kill the person instead of braking and killing all five persons and himself is based on the consequence of the outcome of his action (James, 2002). Killing himself and the other five persons has greater bad consequence than killing one person (Ethical Egoism). Also, killing himself and five other persons leaves more families emotionally and economically distressed than killing one person (Ethical Altruism) and lastly, killing himself and five other persons causes more physical and mental pain on everyone involved including his friends and families than one person, thus Utilitarianism (Vickers 2005).

Critics of consequentialism say the theory is complicated and hard to predict the future actions (Berrone, 2007). Only a supernatural being may know the future with some precision to justify time and scope as envisaged in consequentialism approach. Critics of consequentialism say that it is impractical as it can't list all actions that are deemed good acts even when the actions are objectionable. When deciding which act to perform, consequentialism stresses we should perform whichever act that leads to the most good. According Kagan (2000) consequentialism, if it were determined that, say, beating children to get them to behave, led to maximal happiness, then those would be the correct moral choice. But the fact that we morally shy away at such actions shows that consequentialism is not morally sound (Lafollette, 2000). Further criticism argue that rule consequentialism is guilty of rule worship; it is utopian in bad taste and more often collapses into act consequentialism and manifestly implausible. Ideally critics of consequentialism argue the theory permits actions against important moral rules just on the basis that doing those actions would produce better societal consequences in the agent's actual circumstances (Foot, 2001).

2.4 Deontological Theory

The deontological ethical theory conforms to rules to decide what is right or wrong. The theory as developed by Kant (1785) infers that ethical actions follow universal moral laws for example, don't lie, don't steal or don't cheat. This theory is the most simple to use as it requires people to follow guiding rules when going about their duties (Weaver, 1999). Deontology approach basically fits well with the natural intuitions about what is or is not moral. Compared to consequentialism that judges actions by their societal results deontology does not rely on analysis of cost and benefits weighting and that helps deontologist avoid subjectivity as they only follow the rules (Van Gerwen, 1996). The strength of deontology is good will in that as long our intentions are good then it means we follow moral laws.

Critics of deontological theory perceive deontology to have put more dependence on laws. The argument is that rules or laws can be obsolete hence inapplicable wrong and many times some rules have outlived their usefulness (Betham, 1996). Another criticism is that deontology emphasizes moral absoluteness which can never be practiced by any normal person (Adler, 1997). In the face of deontological principles killing is wrong but such absoluteness could be misleading for instance in the case where it may be necessary to kill one person who is a threat to majority. This cast doubts on the moral absoluteness of making

deontological decisions. Other critics claim that deontology is often based on religion (Kagan, 2000), for example although god/gods may presumably exist, and will presumably need individuals to follow ethical absolutes, it's not probably that this god would. There is a chance that this god doesn't exist, really an oversized likelihood since there are many alternative religions that have gods that can't co-exist. If this god doesn't exist, deontological religious-based ethics fails; as these were codes written by humans who were virtuously inferior to us since the zeitgeist is moving increasingly forward (Mackie, 1990). Another criticism of deontology is that it reduces morality to the easy dodging of dangerous actions, rather than creating an endeavor to develop moral character like virtue ethics. The most important weakness of deontology is considering human relationships virtuously dangerous

2.5 Utilitarianism Theory

Utilitarianism is a moral theory that states that the most effective action is the one that maximizes utility. Utility is defined as the sum of all pleasure that results from an action, minus the suffering of anyone involved in the action (Moore 2008). Doris (2008) noted that the principle of utility will be applied in two classes either to explicit actions or general rules. The previous is termed act-utilitarianism and the latter is termed rule-utilitarianism. Act-utilitarianism is applied on various act alternatives. The correct act is then outlined as the one that brings the most effective results or less amount of bad results. Rule-utilitarianism is employed to determine the validity of rules of conduct (moral principles). Danley et al (1996) argued that a rule like promise-keeping is established by analysing the consequences of a society in which people break promises at will against the society where promises were binding. Right and wrong are then outlined as following or breaking those rules. The strength of the utilitarianism philosophy is that morality increases pleasure and amount of good things and at the same time try hard to reduce pain, amount of bad things lead to high levels of unhappiness (Betham, 1996). That people should always strive to achieve higher pleasures for instance intellectual capabilities than the low pleasures in that ordinal manner.

Critics of utilitarianism theory opine that utilitarian philosophy is mainly based on the context of thinking about the legal system (Bentham, 1996). Some critics have claimed utilitarianism encourage and justify slavery that is the boss's overall happiness was better than the subordinates unhappiness. Critics again claim that the theory does not value justice; an example is if framing an innocent person for an offence to stop further strike than taking the pain of looking for the real culprits then that would be an optimal choice. As an innocent person suffers there will be less pain for the majority (O'Higgins, 2005). Further critics claim the theory has problems in analyzing actions in real time and scope (Guest, 2007). The calculation of utility is said to be self-defeating because by the time the best utilitarian course of action has been calculated and decided, the chance to take this action may well have elapsed. It is also possible to justify immoral acts using Act utilitarianism for instance suppose you could end a regional war by torturing children whose fathers are enemy soldiers, thus revealing the hide outs of the fathers that is right action. The major weakness of utilitarian theory is the weighing of consequences that seems more often a matter of vague

intuition than of scientific calculation (Rhodes, 2012). Critics of utilitarianism reject rules which they claim are traditions or orders that doesn't enhance open mindedness in the pursuit of pleasure (Hofstede, 2001).

2.6 Hedonism Theory

Hedonism puts more emphasis on pleasure, or the absence of pain is seen as the most important principle when deciding the morality of a potential course of action (Mill, 1998). Pleasures include typically things like sex, drugs, crime, dance, and so on. Pleasure also includes any valuable experience like reading a book (Trevino, 2004). Studies suggest that the strengths of hedonism theory lie in its nature to motivate people by psychologically soothing the mind for example when one gets a new employment, academic achievement and so on and pleasure reduces stress (Axelrod and Antinozzi, 2002). Strength of hedonism is that it is also used for guidance; for example intellectual guidance nurture young people to develop good life impressions in their beacon life and that would help them avoid pain in future life. Hedonism also helps develop creativity as it dissuades monotony and boredom and always wanting to make every new moment different from the routine and that increases pleasure (Moore, 1993). Most importantly pain in hedonism is meant to indicate that something needs to be done to change the prevailing situation.

Critics of hedonism idea understand it to be un-psychological (Baron, 1997). Moral hedonism is seen to be plausible; as a result what we usually mean by happiness is more often welfare, for example we have a tendency to all aim at the happiness of our youngsters. this implies that we have a tendency to all aim at the welfare of our youngsters, which incorporates health, education, character, career and so on, thus moral hedonism is insufficient to mean pleasure alone. Doris (2008) criticizes hedonism in that it considers the consequences of an action that produces either pleasure or pain. Pleasure and pain are not tangible objects so they cannot be valued either qualitatively or quantitatively. Again the craving pursuit for pleasure more often lead pain for example the pleasure of taking excessive alcohol may lead to blindness or fatality (Thite, 2013). The major weakness of hedonism concept is the imagination that people should always have pleasure and that is over presumptuous. Justifying any act in a thin line of pleasure is a huge flaw (Richardson, 2007).

III. SCOPE OF ETHICS IN HRM

3.1 Introduction

The ethics of managing employees still drops behind compared to business ethics (Winstanley and Woodall, 2000). The role of ethics in human resources management is about compliance and of a fairness perspective (Vickers, 2005). A number of organizations currently attempt to formalize the way they manage ethical behaviours by developing business policies and compliance to law but ethics in the role of HRM still remains unclear in the application of ethics in business (Wiley, 2000). Studies on organizational fairness and ethical practices showed that the involvement of HR in corporate ethical programmes was perceived to be propounding fairness in organizations (Vendemiati, 2004). Other studies also show that many organizations are now creating formal ethics departments with ethics officers doing ethics policing (Center for Business Ethics,

1992). In Kenya ethics and anti - corruption commission (2011) has since been established (EACC).

Ethics management involves careful handling fairness issues on a larger spectrum of the organizational functions (Valentine, 2006). Most organizations communicate expected ethical behaviours through codes of conduct, company policies, in-house training programmes and sometimes vide top down instructions (Meyer and Rowan, 1977). Studies show that HR leaders are the most suited staff to propagate and manage ethics programs in organizations (Wright, 2005). The core ethical challenges for HR managers' bridge the gap between employers and staff and managing the interest of either side require adequate skills in both HR knowledge and moral skills (Ulrich, 1997). Resolving push and pull conflicts between employees and employers require that each party to acknowledge that HR professionals can represent worker desires and implement management agendas, be the voice of worker and also the voice of management, act as a partner to both staff and managers within the management of ethics (Thite, 2013).

3.2 Ethical Standards in HRM

It is admitted that more organizational line managers involve in HRM activities like coaching, recruitment and selection, and appraisal and so on as their delegated job roles, however, the very fact remains that they're usually never needed nor expected to possess a similar level of competency as skilled HR Manager nor do they command a similar standard of HR practice (Wooten, 2001). it's so necessary to notice that the ethics of HRM whereas sharing several options with general business ethics is comparatively distinctive in many respects. In recent times, HRM has come under intense criticism as being very artful, consumptive and in truth immoral (Vickers, 2005).

Critical writers like Guest, (2007), Kidder (2003), Donaldson (2001) and Berenbeim (2010) have steered in their varied works that HRM practices objectifies individuals; suppresses resistance and confrontation and creates a brand new reality through its rhetoric and controlling tendencies. Ethical approaches to HRM are numerous and have completely different theoretical frameworks and moral arguments for the management of human resources in organizations. It is pertinent to denote that several ethical paradigms can be applied in ethics in HRM. A multifaceted approach (Winstanley and Woodall, 2000) should be adopted that entails ethical principles and ethical code of conducts from a critical perspective to engrain the extent to which ethics in HRM can be anchored.

3.2.1 Principles of ethics in HRM

Study by Beauchamp and Childress (2009) on business ethics showed four principles of ethics that ordinarily control set of pillars for ethics in HRM thus; Respect for Persons/Autonomy by acknowledging a person's right to have life choices or alternatives, to hold views, and take actions that support personal values and beliefs. Two, Justice, treat others equitably, distribute benefits/burdens fairly. Three, Nonmaleficence (do no harm), obligation to not impose harm/damage deliberately and lastly Beneficence (do good), offer benefits to persons and contribute to their welfare for the good of all.

This has since been expanded to six principles by childress thus, five, Integrity – that means to be clear-cut and six, to be honest in professional and business interactions (Miller, 2009).

Critiques of ethics in HRM have questioned the objectivity of the principles of ethics in that they are claimed respectively to be imperialist, inapplicable, inconsistent and inadequate in their interpretation and application in people management (Solomon, 1984). If applied as they were then they permit prejudice, and such may be the basis of conflict of interest that can overrule professional or behaviour judgements in HR functions (Beauchamp and Childress, 2009). That to keep up professional knowledge and skills ethical principles may not be suitable for current HR practice because there are in place company policies and legislations that guide interactions with employees hence ethics is inapplicable (O'Higgins, 2005). That the respect of employee confidentiality of information acquired by HR as a result of professional practice envisaged by ethics unless where a legal or professional right or duty to disclose such information is sought is inconsistent with the technological advancement especially where the information is nowadays open and readily available on world wide web and that makes ethical standards for HRM unnecessary in this age (Schaffer, 2012).

3.2.2 Ethical Code of Conduct in HRM

The terms code of ethics and code of conduct are often mistaken and used replaceably though they are completely different documents (Donaldson, 2001). Baqqini (2007) noted that code of ethics refer to a value statement that is similar to the constitution of an organization. It specifies the general principles that guide behaviours and outlines a set of principles that inform decision-making process (Baqqini et al 2007). The code of conduct on the other hand outlines specific individual behavioural characteristics and prohibitions required as a condition for continuity of employment. For example a code of conduct may forbid sexual harassment, racial bullying or use of abusive language in the organization. Therefore flouting the code of ethics can result in termination or discharge from the organization (Solomon 1984). There are basically two main types of code of conduct thus code of conduct that is compliance based and two, code of conduct that is value based (Trevino 1999). Compliance-based codes of ethics are laws that regulate issues such as hiring and safety standards of employees.

Compliance-based codes of ethics typically not solely set pointers for conduct, however additionally lay out penalties for violations (Victor, 1988). On the opposite hand Value-based codes of ethics deals with the company's core value system. They address standards of responsible conduct relating to the larger public good and the environment (Lafollette 2000). Value-based moral codes require a bigger degree of self-regulation than compliance-based codes. Critics however, have opined that code of conduct as a catalog of laws is sometimes perceived to be counterproductive in pursuit of performance (Thibaut 1975). Similarly critics of codes of ethics in HRM claim that they are time and again only nice, predictable and meaningless expressions that have no serious obligation (Arnaud, 2010). Both codes are perceived as merely a marketing and public relations mechanisms and that a lived code of conduct or ethics is only referred to when an employee is to be punished rather than in trouble free times.

Employees who are perceived offenders will painfully experience the consequences of a disregarded written ethics code (Roe, 1999).

Sometimes it is felt that a code is encouraging unrealistic expectations, it is a self-righteous document in an unrealistic employment field. Such criticism view code of ethics as a romantic set of rules and regulations that does not take the real employment relationship into consideration (Beauchamp, 2004). Other critics argue that high dependence on codes of ethics generally may lead employees to blind reliance on the written codes and such may hinder them to develop moral sensitivity of their own (Driscoll, 1998). Inconsiderate compliance with codes can lead to wrong decision making just out of fear to make mistakes. Although a strong compliance might have negative influence on ethics acceptance, studies suggests that ethical compliance can help reduce unethical behavior in organizations (Trevino et al., 1999). Enactment of clear ethical policies and modes of discipline for violations raise employees' expectation of fairness when handling cases about ethics in the organization (Ferrel, 2008), without objectivity in ethical policies sustaining compliance activities may be seen as a pretense.

3.2.3 Values and Ethics in HRM

Values are the elementary beliefs that guide or inspire attitudes or actions. Values give pointers for conduct and facilitate us to work out what set of values are important to us (Bruno, 2000). Values describe the individual qualities we propose to guide our actions, the type of person we wish to be, the way in which we wish to treat ourselves and our interaction with the society. Values are essential to ethics and are concerned with human actions and therefore the choice of these actions. Ethics evaluates those actions, and therefore the values that underlie them by determining which values ought to be pursued, and which of them should not. Values can be described as those things that are vital to or esteemed by a person, collectively or an organization. In discussing values and morals there are various, frequently used terms with similar implications as values thus, morals, standards, basics and ethics. Taylor and Halstead (1996) characterize values as principles, crucial feelings, beliefs, benchmarks or life positions which act as a common conduct, as a reference point in decision-making, or the assessment of convictions, or actions. Values are the beliefs of what a corporation stands for, and need to be the premise for the behavior of its people. A corporation might distribute one set of values, perhaps in an attempt to thrust forward a positive image, whereas the values that really direct company behavior are totally different (Lara, 2005). Once there's such disengagement between expressed and working values, it's going to be hard to determine what's worthy.

The reason standards of measure are vital within the discussion of morals and values is that standards might allow or empower desired behavior to keep with society's or an organization's explicit values. There's another facet to be thought-about, which is that the influence of social groups or organization norms. Norms are the unwritten rules, sometimes informally reached by the members of a group, which govern the behavior of the group's members (Savater, 1999). Norms usually have a bigger impact on what's and is not done by the members of a group than formal rules and regulations. Normally, it's believed that values ought to be promoted by moral leaders and remodeled through examples and rules within the management of ethics by means of

behaviour codes, codes of ethics, implementing policies and so on. Different studies have established that management's philosophy of ethics and values relates largely with the standard of worker's performance. Hall (1998) mentioned that successful organizations support values, like respect, listening and sharing with others. These organizations are capable of embedding traditional values, like efficiency, quality and high productivity into ethical HRM.

3.3 Rationale of Ethical Practice in HRM

Conventionally, ethical analysis of labour management was pegged on the rights and duties of employers and employees and involved assessment of the strengths and application of justice and fairness in organizations (Greenwood, et al 2007). The practice of ethics in HRM has been lauded greatly by previous scholars (Hatch, 2006). For ethics practice in HRM to be successful ethical values should be binding thus; loyalty for ethics by HR practioners is one key component in the practice of ethics in HRM. HR practioners are expected to be loyal in safeguarding diversity, ability of employees to make independent decisions and avoiding undue influences and conflict of interests. Another expectation of HR practioners is Fairness. HR practices are expected to be fair enough in the eyes of employees and other stakeholders (Sims, 2003). Fairness is manifested by commitment to justice, equal treatment, tolerance for divergent opinions, willing to admit wrong doing and so on. Concern for others is another element in the practice of ethics in HRM. Ethical HR practioners are expected to be compassionate, benevolent and kind to employees, use the golden rule when helping staff in need, they should be courteous and that all employees with equal respect and dignity (Perle, 2004).

Practice of ethics in HRM requires HR Managers to be law abiding people. HR Managers in organizations are expected to obey laws, policies rules and regulations at all times in making decisions that affect employees (Hofstede, 2001). Another expectation of ethics practice in HRM is that the HR practioner should be a person committed to excellence. Ethical HR practioners should pursue excellence at all times when performing their functions by increasing proficiency and responsibility in the decisions made (James, 2002). Leadership is another virtue that ethics practice in HRM seeks in order for ethics in people management to be successful. The leader conduct is a positive element in ethical role model as a HR leader (Parboteeah, 2014). Other than that ethics practice in HRM requires that the reputation and morale of the employees be raised and protected and that improves the image of the organization to attract more skilled candidates (Wright, 2005). Lastly ethics practice requires HR practioners to be accountable, which is being accountable for the ethical quality of their decisions and omissions in the course of their service.

IV. ETHICAL CONCERNS IN HRM FUNCTIONS

4.1 Introduction

A study conducted by Wiley (2000) on ethical standards for human resource management functions showed five main HR activities that reveal unethical actions. These are recruitment, training and promotion, disciplinary, performance appraisal and sexuality (sexual harassment). The performance management process involves creating a work environment that empowers

worker to give the very best of their abilities. The process employers use to empower employees vary from one business to another depending on varying company values (Thite, 2013). Despite these differences, the performance management process involves planning (setting goals or objectives), performance assessment (evaluating performance achievements), recognition for performance achievements and career development based on the outcome results of the assessment (Pattanayak, 2011).

Crane (2007) listed nine worker rights in a very positive moral HRM climate thus; right to equal and discrimination-free treatment; right to personal respect and dignity; right to honest conduct (in promotion, dismissal, disciplinary procedures), right to negotiation and representation; right to participation; right to work in a very safety and health hazard-free environment; right to adequate compensation; right to free speech and conscience; right to work. In modern work structure, however, the granting of the mentioned employee rights is much from excellent and pose great ethical concerns. (Crane, 2007). Out of all organizational issues or policies, ethical considerations in HRM practices are the most ignored issues and difficult to deal with (Hatch, 2006). The dimension of unethical HRM practices arise in recruitment, remuneration and benefits and industrial relations as analyzed as follows;

4.2 Ethical Considerations in HRM Functions

Ethical considerations are becoming increasingly important in HRM functions today than ever before albeit slow in its application. Studies show that human resource functions may be the best means to disseminate ethical culture in organizations that encompass recruitment and selection, performance appraisal, compensation, and employee relations decisions (Vickers 2005). Thus, human resource functions and ethical cultures should be subsumed in the process of creating competitive advantage for organizations.

Bentham (1996) notes that a focus on ethics in HRM have been perhaps a response to employee dissatisfaction, lack of commitment, frustration, or growing distrust in the workforce among other things, the increasingly wider gap between managers pay and lower cadre employees' pay, inequalities that arise once individuals work along, like discrimination, favoritism, harassment, work-life balance, inconsistencies in discipline, or just how staff get at the side of managers (dyad). Willey (2000) avers that ethics in HRM can yield a strategic advantage for better performance through adopting codes of ethics, providing ethics training, and creating a positive ethical climate.

4.2.1 Ethical Concerns in Employee Recruitment Function

Recruitment refers to the processes organizations use to attract new staff to job vacancies in the organization (Winstanley, 2000). Legge (2000) noted that the process of recruitment in organizations is more often mired with nepotism, cronyism and sycophancy. The utilitarian argument against racial/tribal and discrimination of any nature at recruitment is based on the fact that employees productivity will be maximized when they feel that jobs are awarded on the basis of competency. Different jobs require different skills and personality trait to perform effectively (Shwaartz, 2009). Discrimination among job applicants based on race, religion, tribe, or other characteristics unrelated to job performance is unethical in the utilitarian principle.

Ulrich (1997) noted that the recruitment process ought to very objective if it is yield talented staff to support performance and organizational growth. Organizations that rely on referral from internal employees to recruit new staff tend to recruit from same families and tribes/race and hence objectivity can never be found, it locks out competent job seekers and that compromises performance (Greenwood, 2011). Recruitment and selection is a function that skilled decision making hence it requires thorough attention coupled with best practices to ensure unethical practices such as corruption and discrimination are eliminated.

4.2.2 Ethical Concerns in Employee Reward Management

Driscoll (1998) noted that the compensation of workers consists of payments and rewards progressing to him by virtue of employment and this reward system is usually not clear, pegged on loyalty than worker capabilities and performance. Francis (2006) notes that rewards consists of two parts, direct monetary payments that's wages, salaries, incentives, commissions and bonuses and indirect payments for example paid insurance and vacations that are continuously differentiated to even workers with capability similarities. In practice many organizations face the problem of pay inequities that more often disrupt performance (Foot, 1999). Wages and salary discrimination exists more often to the extent that wages and salaries are deliberately or for prejudicial reason not given to employees doing the same work with equal skills.

John (2000) argued that there are also potential negative consequences that critiques note have ethical concern in the reward management system. For example, suppose a worker's motivation strategy involves a performance threshold like a set target on top of which the worker earns considerably more cash in bonuses. Striving to meet that threshold may be a continuing source of stress for workers particularly if the basic pay is low (Francis, 2006). The unintended result will be lower employee morale. Another moral downside arises if worker incentive strategy does not distribute benefits fairly. As an example, the nature of some employees' responsibilities would possibly make it easier for them to earn rewards. Other workers never get the prospect to realize similar advantages, therefore dissatisfaction builds and morale plummets. Unethical workers would possibly notice ways in which to game the system, and if the program rewards production numbers instead of quality, some workers would possibly execute to spice up their rewards (Lind, 1990). Careful style of a program will forestall obvious sorts of abuse, however sooner or later, loopholes can emerge, requiring the business to reassess and maybe overhaul its program.

4.2.3 Ethical Concerns in Employee Relations Function

Employee relations involve the management of creating harmony between employees and employers (Legge, 2005). Labour relations issues posses' ethical dimensions and require ethical alertness for ethics in employee relations is fruitful. Employee relations deal with both procedural and substantive issues about employment relationship and that is source of ethical concerns. Working conditions for workers is a significant area of conflict in several workplaces, and is sometimes a central issue in labor negotiations and cause of strikes (Lind et al, 1990). Unethical employers fail to supply safe operating conditions either through negligence or by design and such will cause higher rates

of health problem and injury to employees. Whereas it is comprehensible that employees wish higher pay and employers wish to pay less, some employers exploit employees to the point that it becomes unethical. If rates of pay go below wage laws, this practice becomes not solely unethical but illegal as well (Maclagan, 1990). However critics of ethics in employee relations argue that employee theft costs companies a lot of billions a year and that remains unethical and illegal behaviour by employees (Kidder, 2003).

V. RELATIONSHIP BETWEEN ETHICS IN HRM AND EMPLOYEE PERFORMANCE

5.1 Introduction

The importance of ethics in HRM can not be exaggerated. Staffs trust HR Managers to exercise discretion, logic and fairness through out staffs stay within the organization (Ulrich, 1997). Ethics in HRM guarantees that the organization meets that expectation. Unethical HR practices can lead to serious legal, societal and employee behavioural problems that may lead to high turn over rates, litigation costs and bad reputation of the organization which is why HR must act responsibly in the spirit of ethics. O'Higgins and Kelleher (2005) suggested that harmony between ethical activities and expectations of employees raise the level of employee satisfaction. Woodall (2000) noted that there's a significant relationship between employee's positive perception of moral HRM practices and motivation to perform.

Performing HR functions enshrined in the framework of business moral principles is a vital necessity these days. HR leaders are expected to respond to the necessities of efficiency and high performance in a business environment of distrust and skepticism amongst employees (Van Marrewijk, 2003). HR practioners who do understand ethical decision making as well as ethical implications of their actions within the organization can create a great value for both employers and employees. However, performing HRM functions supported by ethical ideology has additional distinctive importance, as a result of HRM purposeful plan to inspire workers (Woodall, 2000). To attain this goal, all functions of HRM ought to be enforced based on moral principles like justice, equality of opportunities, and accuracy to boost the required performance. With such background this chapter aims to reveal ethical concerns in specific HR functions and the relationship between employee performance and ethics in HRM functions.

5.2 Relationship between Ethics in HRM and Employee Performance

Previous empirical studies confirm positive relationship between ethics and firm performance (Mikula 1990). Studies by Okwiri (2012) on relativism and idealism in business ethics revealed that relativism highly influenced ethical behaviour than business practices. Study by Mulelu (2016) on understanding the factors that influence level of awareness of teachers' service commission code of conduct found that high school teachers in Machakos town constituency had low level of awareness of teachers service commission code of conduct and ethics thence low performance. Study by Simiyu (1997) to determine the level of understanding of business ethics among corporate decision-makers revealed that few companies apply ethical principles in

decision-making processes and few have formal ethical policies within their organizations. Study by O'Higgins and Kelleher (2005) supports the validity of this assumption that organizations that are honest and truthful towards their staff and systematically develop HRM practices received higher scores within the Fortune company reputation index that lists businesses operating in accordance with the principles of good governance. In conclusion the results of the relationships of ethics in HRM and performance from empirical studies reviewed reveal that ethics in HRM significantly predicted employee performance. This supported a study by Baker (2006) that focuses on university campuses as a major site of the recruitment process that outlined the 'ethos' of the ideal future worker.

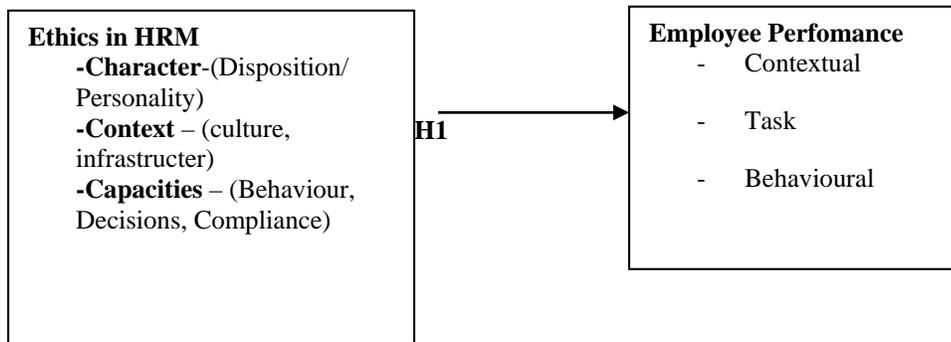
Study by Trevino (2004) on ethical leadership; a review of future directions, found out that moral leadership emphasizes fair treatment, shared values and integrity in workers and business transactions, and that moral leaders should inspire favorable behaviors among workers, encourage high levels of pride and commitment to the organization and develop the means for workers to understand the job ethical content. Mathenge (2012) conducted a study on moral issues in human resource management in Kenya; Theory and practice and examined the use of various moral theories and also the challenges grappling human resource managers in Kenya and different countries. The findings were that human resource management policies were weak and may thence use moral thought to re-engineer and redefine them. Osemeke (2014) conducted a study on the impact of moral HRM practices within the private sector in Federal Republic of Nigeria. His

results discovered a positive relationship between ethical HRM and effective recruitment and selection practices, effective performance appraisal practices and performance. Liao & Teng (2010) conducted a study on the relationship between ethics training, employee satisfaction and gender balance and found that ethics training positively influenced social corporate responsibility practices, employee satisfaction and performance. In conclusion, Foot (2008) supports that HRM significantly serves to enhance the relationship between ethical leadership and employee performance by using HRM practices that influence the employee behaviour. The relationship between ethical leadership and employee performance is expected to be stronger when employees perceive high levels of ethical HRM and vice versa and that performance diminishes when there are unethical HRM practices in the relationship between ethical HRM and employee performance.

5.3 Conceptual Framework

Based on the discussion of the various literature reviewed, studies have established that there is a relationship between ethics in HR individual functions and organizational performance, (James, 2002, Hofstede, 2001 and Foot, 2008) to the extent that they enhance employee commitment and good employee relations (Adams 1998). The conceptual model in table 4.1 below shows the perceived relationship between ethics in HRM practices and organizational performance that the study seeks to confirm in reference to the null (H0) hypothesis.

Table 5.1. Conceptual Framework



Independent Variable
(Source: Author)

Dependent Variable

5.3.1 Hypothesis

H1: Ethics in Human Resource Management does not affect organizational performance.

affects successful implementation of ethics in HRM (Wright, 2005) Victor (1988) proposed that HR practioners should identify and practice ethical principles that are aimed at creating sustainable moral behaviours subsumed in organizational culture.

VI. CONCLUSION AND GAPS IN KNOWLEDGE

6.1 Introduction

Ethics are the principles and values used by an individual or group to govern his or her actions and decisions (Buckley, 2001). An ethical organizational environment consists of leaders and employees adhering to code of ethics (Tyler, 1990). Empirical findings show that organizational leaders disloyalty to ethics

6.2 Conclusions

The study found that ethics in HRM does affect employee performance in organizations and that the HR leader and HR department plays a key role in placing ethical HRM practice on its right place in organizations (Greenwood, 2007). This study conjointly found that analysis of ethics in HRM observed three inter-related levels: the macro system, mezo (company and HRM department) and small (individual) levels (Martin and Cullen, 2001). On a macro (social, economic system) level the elementary

issue is how we see theoretical assumptions and practices of firms as ethical, and if these do not appear to be, then a judgement may be formed on HRM ethics (Legge, 1998). The HRM department (Mezo) might have a significant, formal and informal role in developing overall policies and codes of ethics in HRM and after all the micro – individual moderates the worker moral behaviour expectations within the organization (Guest, 2007). This paper has brought to perspective clear knowledge about ethics in HRM practice and how this impacts on performance. A number of gaps in empirical literature about ethics in HRM have also been identified in the endeavour of building case for ethical culture adoption in HRM practice. Quite a number of studies put more emphasis on the need to re-invent the wheel in people management by adopting ethics in HR practices. The HR department and HR professionals have been identified as the people well positioned to develop, instill and police the implementation of ethical culture in organizations thereby changing employees' ethical behaviour and line manager's approach to handling workers.

6.3 Identified Gaps in knowledge

Findings of this critical literature review revealed quite a number of gaps in relation to the study of ethics in HRM. Quite observable from previous studies was the thematic nature of ethics that was majorly used in Philosophical studies and medical discipline. Besides the thematics, the contextual gaps were evident in that a lot of studies in ethics were done in the European countries with almost no known study done in African countries and specifically in Kenya. Studies done on ethics in relation to HRM were just limited to the aspects of human resource development (HRD), leaving a big gap in the study of ethics in many other HRM functions or practices. This paper has brought out gaps in the perspective of ethics in HRM functions in relation to performance improvement as shown in table 2 below.

Table 2: Research Gaps

Author(s)	Study Topic	Methodology	Findings	Study Gaps	Proposed Remedy for Study Gaps
Mulelu Joel M Bevi (2016),	Factors that influence teachers level of awareness of TSC code of conduct among secondary school teachers in Machakos town constituency.	Descriptive Survey	The study established that the level of awareness of TSC code of conduct and ethics among secondary school's teachers in Machakos Town Constituency was very low	The choice of the variables limited discussions on the fundamental ethical issues in ethics codes and HRM practice.	Need for a comparative study on teachers evaluations of ethical codes and HRM practice
Grace Tanui (2016),	The perceived relationship between ethical leadership and employee performance at Kenya ports authority	Cross sectional survey	The correlation results found that ethical leadership influenced the performance of the employees in the work place. Fairness, justice and equal opportunities motivated employees	Leadership was found to be relative term hence did not relate to functions of HRM	A new study to relate ethical leadership to HRM functions
Margarida Pimenta (2015)	Ethics in human resource management	Exploratory Survey	The study found that absence of ethical infrastructures in organizations contributes to questionable practices of favoritism and practices of discrimination.	Ethical infrastructure is too wide. Has both formal and informal systems that may not to HRM practices parse	Required a combined study of ethical infrastructure in HRM
Bi Bi Eshrat Zamani; Mohammad Poudrjam; and Mitra Masoumi-Fard (2014)	Defining the dimensions of professional ethics in managing human science research of organizations: concepts, approaches and patterns	Field survey	The study suggested that developing essential ethical norms is positive to improving performance in organizations	The choice of variable could not bring out real ethical dilemma in HRM practice	There is need for another study to focus on ethical norms in HRM practice
Muhammad Burdbar Khan (2014)	Ethical Human Resource management; a critical analysis	Survey	The study inferred that HR practioners authentic education in ethics has significant orientation to rebuilding employee relationships	Contextual differences	Similar study to address the Kenyan situation

Michelle Greenwood (2013)	The bigger picture: developing the ethics and hrm debate	Field survey	The study found that the unitarist tendency of HRM, negatively influenced lack of divergent ethical interests of employees	the variables chosen could not link any quantitative relationship perhaps because of its qualitative nature	A new study on the pluralist approach of HRM and ethical interest of employees quantitatively
Pinnington, Macklin and Campbell (2007)	Human Resource Management: Ethics and Employment	Field survey	Study found that bringing ethical awareness into the core of HRM is directly related to employee commitment	Contextual differences	Similar study to address local ethical dilemma in employment related to ethnicity/nepotism
Gary R. Weavera and Linda Klebe Trevino (2001)	The role of human resources in ethics/compliance management a fairness perspective	Descriptive Survey	The study suggested that extensive involvement of HR in ethics programs significantly influence fairness, and employee commitment	The study focused more on compliance to business ethics rather than ethics in HRM practices	Need for a more pragmatic study on ethics in HRM practices specific devoid of business ethics

Source: (author)

6.4 Summary of Literature Review

A number of suggestions have been made in the literature review to support the practice of ethics in HRM (Greenwood, 2012). Vickers (2005) stated that the role of ethics in human resources management is about compliance and of a fairness perspective. Vendemiati (2004) observed that the involvement of HR in corporate ethical programmes was perceived to be propounding fairness in organizations. Meyer and Rowan (1977) contend that organizations communicate expected ethical behaviours through codes of conduct, company policies, in-house training programmes and sometimes vice top down instructions. Kidder, Rushworth (2003) contends that ethics involves systematizing, defending, and recommending ideas of right and wrong conduct. Baqqini (2007) noted that code of ethics refer to a value statement that is similar to the constitution of an organization. Hofstede (2001) noted that practice of ethics in HRM requires HR Managers to be law abiding people who obey laws, policies rules and regulations at all times in making decisions that affect employees.

Solomon (1984) as mentioned earlier, criticized the objectivity of the principles of ethics that they are imperialist, inapplicable in nature, inconsistent and inadequate in their interpretation and application in people management. Thibaut (1975) argued that code of conduct in people management as a catalog of laws is sometimes perceived to be counterproductive in pursuit of performance and that they are time and again only nice, predictable and meaningless expressions that have no serious obligations to actors. Trevino (1999) added that thoughtless compliance with codes can lead to wrong decision making just out of fear of making mistakes and a strong compliance might have negative influence on ethics acceptance. Bentham (1996) Criticized ethics in HRM that it puts more dependence on rules and laws, and that rules or laws become obsolete with time hence many times some rules have been outdated and outlived their usefulness making the application of ethics in HRM redundant.

6.5 Recommendation for Research

Based on the results of this study, it is recommended that a study be done to find out the mediating impact of organizational culture in the relationship between ethics in HRM and worker performance in organizations in Kenya. This will shed light on the contextual differences as most studies in ethics in HRM were done in the western context. Finding the joint effect of ethics in HRM, organizational culture and employee performance would be significant to give strength to the subsummation of ethics in HRM in organizational culture.

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