

When Ethics Call for HR Helpline

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- Ethics – is it relevant to today's main subject – HR at the Heart of Business?
- Why Ethics matter in an organization?
- If Company is not ethical what happens?
- And what is the Role of HR in building Ethical Culture in an organization?

These are few questions that I would like to address today. Firstly let me go to the basics and define Ethics

- What is Ethics?
 - The word Ethics has originated from the Latin word "Ethice" meaning – "a set of moral principles".

History

Ethics is not a new term, one can trace the existence of ethics from the ancient Upanishad and Veda, and this is with the Indian context. One can find ethics explicitly written in religious scriptures such as the Quran, Bible, and the Bhagavad-Gita.

Religious and political leaders have added their versions of interpretation of ethics and ethics have undergone various phases of transformation influenced by the various empires India has seen.

We are going to discuss ethics only with reference to Business and organization and not social ethics. Therefore it becomes important to understand

- What are Workplace Ethics or Business Ethics?
 - Workplace Ethics Affirms an organization's commitment to the highest standards of integrity in working relationships with one – another, customers, suppliers, and share holders"

There are 2 types of Business Ethics

Stated Ethical Standards

The stated ethical standards are easy to follow without any ambiguity since these are in written form and can be communicated easily and clearly. These are reflected in the guidelines, code of conduct, policies, vision statement, mission statement, values, etc. Management and employee are the prime creators and communicators of ethical standards. The only disadvantages of stated ethical standards are that they tend to become irrelevant and obsolete if the context and the base of these ethics undergo a change.

Implied Ethical Standards

These are more complex, as these are mainly based on the core human values such as "doing good to others" and each country and region may have their own implied ethical standards.

Once we know what is Ethical isn't it now important to know what is unethical- to put it simply everything that is not ethical is unethical. **Unethical behavior** in an organization to my mind means treating people unfairly because of their gender, skin colour, religion, etc.

Unethical Practices are present everywhere

- Everyday we come across some scandals of violation of ethics – either the Company has violated rules or standards of behaviour or the employee generally accepted by the society
- Company finances have been manipulated in order to show better balance sheet (Ex Satyam) the recent financial scandals that have rocked the corporate world in recent years are Enron, WorldCom, and Satyam. Arthur Anderson, PWC,
- Toxic waste has been allowed to flow into the river
Illegal destruction of forests and agricultural land
- Bribes have been paid in order to secure business deal
- Child labor has been used in factories
- Compensation has not been to workers (Ex Union Carbide in Bhopal)

- Robbery – don't you think Taking office stationary home for your children is robbery, use of Company emails and equipment for personal use
- Misrepresentation of facts to secure your image within the organization and in public as well.
- Misappropriation of Funds – who does not manipulate on his financial details to avoid paying taxes
- Submitting fake reimbursement claims- we all feel Company has a lot of money and some amount for my personal visits is not a big deal.
- Faking credentials in resume

Incidents of overstated earnings, undisclosed conflicts of interest, and improper use of confidential information. All this is morally unacceptable to a larger community

Effects of Unethical practices

We have witnessed lots in the past few months what has happened to the prestigious organization when it adopted unethical means, I would just summarize them

- 1) Loss of credibility
- 2) Loss of faith in Leadership
- 3) Social Stigma
- 4) Employee morale
- 5) Careers shattered

Concept given by Gandhiji

Looking at all this I would like to bring forth and reflect in the pre-independent era where Gandhiji gave us the concept of "Trusteeship" which is based on the principle that those who are managing wealth and the assets of an organization are merely custodians of this wealth and they are not owners. Any unethical issues pertaining to employees and business conduct is to be addressed on high priority. We have many stalwarts who have followed this principle and are remembered and to my mind acknowledged even today for their principles. To name a few – Jamnalal bajaj, G D Birla, J R D tata,

What is the role of HR?

Know that we know that ethics is important then what is the role of HR

Does HR have the right to change the culture in an organization?

Can HR raise issues internally, which are unethical?

DOES HR Exist in Isolation?

“NO”

Why Ethics as a part of HR Job?

As long as human remains a part of Human resources title, ethics will be a part of the job of HR professionals.

Ethics is integrally related to the contributions of HR because whenever two people exist in a relationship, ethical issues are present. Any decision that has implications for another person has an ethical component. Ethics has to do with what should be done with knowing what is the right thing to do when the outcome of the decision impacts another individual.

HR professionals have long recognized their role in determining policies, providing training and when required enforcing disciplinary procedures to not only protect the organization but also provide a good place to work. All these activities are ethical in nature. Hiring practices, equal treatment to all employees has ethical dimensions.

IF ethics is part and parcel of Hr function why not take a lead role? -

The challenge for future is not only to understand the direction the ethics field has taken but also regain a seat at the table for one of the most important discussions currently taking place in organization: the standards that will guide business conduct and the means by which organizations will deliver and uphold the message that ethics is important.

Ethics is a part of corporate life and will continue to be so in the years ahead. From non-profit hospitals to international organizations everyone feels the need to define, emphasize and perpetuate ethical conduct.

As ethics rise to the top of the list of priorities for organizations, the people who are among the most qualified to participate in the ethical leadership of their organizations – are HR professionals and therefore they occupy the most deserved seat at the Table.

Role of HR

- This is HR's responsibility to uphold the values and ethical standards of an organization. HR professionals are more equipped to live up to the ethical demands of their jobs, allowing them to be role models to others.
- HR's duty to educate and make senior management aware about the certain practices in an organization, which are not healthy
- HR professionals can be in regular touch with all level employees to understand their difficulty on ethical issues
- Hr should also ensure that as a part of the induction of a new joinee proper brief about the Company's ethical policies.
- Establish credibility of HR department and practice what you preach?

It is only when we do all this the employees will show willingness to report observed misconduct, they will perceive pressure from not to commit misconduct, perceptions that we would be held accountable and responsible for any misconduct and therefore the employee will feel more satisfied with the job and the organization.

- Do not compromise on ethics, If you compromise ones, you will lose the platform forever- decision may seem tough, but you will be far more respected as a person who contributes to building a strong foundation

What is important MEANS or GOAL?

Before you understand, further I would like to highlight two cases

- One case of a Management graduate from IIM who raised his voice against a giant public sector company for adopting unethical practices in the north and mafia killed him. He paid the price for whistle blowing?
- A senior lady professional in the Legal department of a reputed organization did not succumb to the unreasonable demands from her boss. She was thrown out of the job? Till today she is fighting for her justice? Why this differentiation?

Following and adhering to ethical standards is the need we may have to pay a price for sticking to our principles. But always remember that it is for us individually to decide which path we would like to follow, to achieve our goal.

I would just like to remind you of a very famous quote by Robert Frost

"Two roads diverged in a wood, and I – I took the one less travelled by. And that has made all the difference" – Robert Frost