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Module No. #05 Lecture No. #16 Ethical Aspects of HRM Activities

Welcome back, to the class on, Human Resource Management. We were discussing, Business Ethics. Now, we will move on to the topic of, how these ethics are applicable, to the life of a human resource manager.

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Let us talk about, how these, whatever, we have studied till now, will affect the decisions, made by human resources managers. Or, what they have to deal with, in their roles as, a human resource managers. Okay.

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Sources

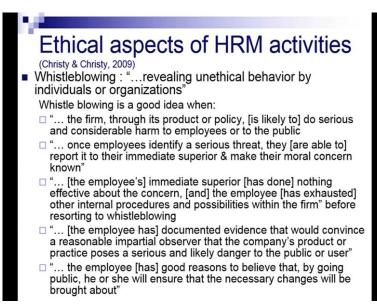
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Ethical aspects of HRM activities. The first point, that we will deal with here, is called whistleblowing. Very, very, difficult situation. What is whistleblowing? Whistleblowing is, when a current employee, decides to reveal unethical behavior, that his or her organization is indulging in, or peers are indulging in, etcetera.

Okay. So, whistleblowing is a good idea, when the firm through its product or policy, is likely to. When is whistleblowing a good idea. When should you blow the whistle, on your

peers, or on your organization. So, it is a very good idea. You can do it. Very good. I do not know.

But, you can do it, if the firm, through its product or policy, is likely to do serious and considerable harm, to employees or to the public. If you can see, that there is impending harm, if you can, if you are sure, that whatever the organization is doing, will in some way harm the community, or harm the, or bring some harm to the public good, or to the employees.

Then, there is, you know, only then, should you report these activities. Only then, can these activities, be considered as unethical. The other point here is, once employees identify a serious threat, they are able to reported to their immediate supervisor, and make their moral concern, known.

So, you should always, let your immediate supervisor know, what is going on. And, whether they can help you, resolve that activity, before deciding to go and blow the whistle, on somebody for your organization. The third situation, in which, or, the third condition, in which, you can do this is, when your immediate supervisor, has done nothing effective, about the concerns.

You know, something is going to harm, somebody. You have let your immediate supervisor, know. The immediate supervisor has decided, not to do, anything about it, or, has not been able to do, something about it. And, you as an employee, have exhausted other internal procedures and possibilities, within the organization.

You tried everything in your capacity. You reported this to people. You have spoken to your supervisor. You have gone through, every possible method, that the organization has, to report undesirable activities. And, still nothing has come out of it. At that point, you could resort to whistleblowing, which means, telling the general public. Getting support from the general public. Or, maybe, taking the organization to court.

Please do not do this, unless, you have documentary evidence, that would convince a reasonable impartial observer, that the company's product or practice, poses a serious and likely danger, to the public or user. You cannot blow the whistle. You should not resort to

whistleblowing, till you have documentary evidence, of the practice, or product, bringing serious harm to somebody.

Just because, you feel it is wrong, it may not be considered wrong, and unless you have documentary evidence. You should never say something, because, the law does not support, casual opinions. The law does not support, conformed observations. The law only supports, documentary evidence. So, please be careful.

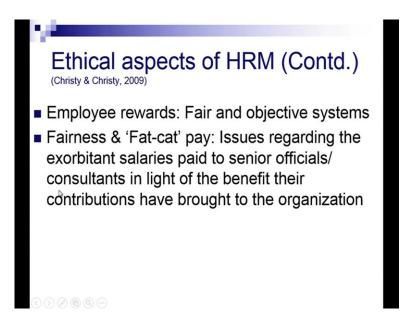
The employee has good reasons, to believe that, by going public, he or she will ensure that, the necessary changes will be brought about. This is not a legal requirement. But, it is a practical suggestion. Whistleblowing brings with it, a lot of difficulties. If you are willing to face, those difficulties, please.

But, it may not be a very good idea, to blow the whistle, till you know, that something will be done, about it. You know about a product, or a practice, that is not doing, you know, that is not doing well, or, something, that is going wrong, somewhere. You have documentary evidence. Of course, documentary evidences supporting is, likely to get you the results, that you need.

But, if the documentary evidence is strong enough, by all means, go ahead with it. But, there should be some indication of, you winning the battle, at some point. Okay. I am not trying to discourage, whistle blowers. Please, do not take it, that way. You need to be very strong, before you decide to do that. And, if you have exhausted, all your resources, things are still not gone well. By all means, you must stick your neck out. Because, if you do not, who else will.

We all need to be, game changers, at this point. So, but at the same time, one has to be practical. And so, please make sure that, your tracks are, you know, your argument is rooted, in solid logic, and hard-core documentary evidence. And then, by all means, go and fight the battle, that you are out there, to fight.

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The other issue, that HR managers deal with, is employee rewards. HR managers, when, you will say, okay, how is whistleblowing, related to latch us, backtrack a little bit. And, you will say, how is whistleblowing related to, the work of an HR manager. As an HR manager, it is your responsibility, to support the employees. But, it is also your responsibility, to protect, what is right. That is why, we are studying business ethics here.

So, if the whistleblower has done, all this. Then again, you know, you could decide, whether to support, the whistleblower or not, in your capacity, as an HR manager. The other issue, that HR managers, constantly deal with, is employee rewards. How do you ensure, fair and objective systems. Or, how do you ensure, the fairness of designing, a benefits package.

How do you ensure, fairness in dispersing reward systems, rewards to the employees, who are performing, better than others. So, that is a very difficult thing, that we all deal with, as HR managers. Then, fairness and fat-cat pay, is another thing, that we deal with, as HR managers. Fat-cat pay is nothing but, the exorbitant salaries, that are given to senior executives, these days.

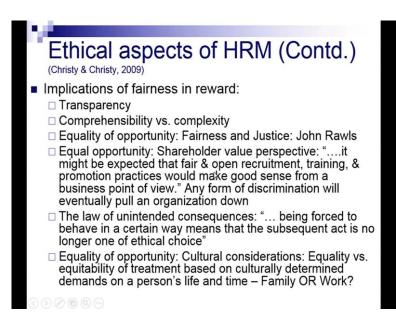
And, the current debate is that, are the senior officials, really worth it. If you do a cost benefit analysis, of the contribution, these senior people make, to the organization, visa viz, the salaries, they get. Is there a substantial profit, that the organization is making, out of their contributions or not.

If not, then, why should they be paid, these heavy salaries. That is a debate, that is going on. They call it, the fat-cat salary, or fat-cat pay. Which means, people, a lot of people, feel that, senior executives are getting, a lot more money, than they actually deserve. So, you know, exorbitant amounts of salaries, and millions of dollars, or crores of rupees.

And, it becomes, sometimes, it becomes hard for the organization, to convince its stakeholders, that these people actually needs to be paid, that much salary. Because, the tangible and intangible benefits of, what they do, are actually surpassing, whatever they are being paid. So, again, the organization has to be very careful, as to, not get into this controversy.

And, the organization should ensure, a fair distribution, or fair disbursement of salaries. And, the decision-making, should be as fair and transparent, as possible.

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Ethical aspects of some more. Implication of fairness and reward. What are the implications, when we reward employees? The first is transparency. How do you ensure transparency, in rewarding people? A lot of times, our judgements are based on, qualitative aspect. Is this

good, or is this better. Is this beneficial, or is this harmful. A lot of times, we cannot tangibly quantify the benefits, a person's contribution, is bringing to the organization. So, how do we decide, who should get, how much.

The other is, comprehensibility versus complexity. Very difficult terms. Comprehensibility deals with, the employee's ability to understand, what he or she, can get. Comprehension. Comprehensibility, comes from the word, comprehension. Which come from the word, comprehend. Which means, to understand. Do the employees, understand these benefits packages.

In all fairness, in all honesty, we needs to be, able to tell our employees, and as clear and simple terms, as possible, what they need to do, in order to, earn these benefits and reward systems, that we have put out, for them. I should know, why, and how, i can get something. Company says, i will give you paid vacation.

And then, the company gives me, a 3 page, or a 10 page, description of, what i need to do. I will not understand it. The 5, 6, 10 pointers. These many sales, should be up, while you are supervising. These many people, should be recruited. These many, make sure that, nobody leaves the organization. So, if there are clear pointers, it will be easy for me, to understand how i can, get these benefits.

And then, i can work towards them. And, i can have a checklist. And, i can keep checking things off. And, work towards them. So, that is the comprehensibility. Complexity is to, accommodate the diversity of people, who we bring in. We are trying to give them, a big benefits package, to choose from. You want to accommodate everybody.

And, we say okay. You can choose from this, this, this. They should be able to understand, these things. So, where do we draw the line between, accommodating the diversity of people, we employ, and making these things, simple enough for people, who are going to use them, to understand these things. So, that is something, that needs to be dealt with. Then, equality of opportunity.

Fairness and justice, proposed by John Rawls. I will not get into the details. Maybe, you can look it up. But, then as employees, we tend to compare ourselves. I will just give you a brief

snapshot. As employees, we tend to compare, what we get with our peers, within the organization, within different departments, within the same department. So, people, who are doing the exact same thing, that we are doing, with our peers, within the same organization.

So, people, who are as trained, as skilled as us, but are doing, something different. And, then, we also tend to compare ourselves, with people within the same industry, but outside our organization. And, with others, who are as skilled and qualified as us, but our working in a different industry, outside our organization, completely. You know, so it is a comparison, between self and the other.

And, these comparisons, help us decide, or feel, or understand, how fairly, we are being treated. You can look up this more, on the internet. So, that is how, we as employees decide, whether we are being given an equal opportunity, not unequal, but, an equal opportunity to do, whatever we can do. Okay.

And, we decide, whether we have been treated, fairly and justly. Equal opportunity. Shareholder value perspective is, it might be expected that, fair and open recruitment training, in common practices, will make good sense, from a business point of view. Whatever we do, will bring profits. Any form of discrimination, will eventually pull the organization down. Soon or later, any discrimination, that we indulge in, will bring the organization, down.

The law of unintended consequences, being forced to behave in a certain way means, that the subsequent act is no longer, one of ethical choice. If somebody puts a gun to my head, and says, that this is what, you needs to do. And, my conscience, does not permitted. There is something wrong with it. If whatever, i am being asked to do, is right. I should not be forced to do it. Either, i am not being told the right reason for it, or it has not been explained to me properly.

Which is why, i am being forced to do it. If the reason is there, and i can do it, i will do it. So, this is what we feel, will help us decide, whether we have been treated, fairly or unfairly. Equality of opportunity. Cultural considerations. Is it equality or equitability. Equality means, you put in 10 hours of work, you get, this much salary. Today, you put in ten hours of work, you get, this much salary.

Tomorrow, you put in six hours of work, you get, this much salary. Equitability says, that if

the total amount of work, i put in on two days is 16 hours, what difference does it make.

Whether, i put in 12 hours of work on one day, and four hours of work on the other day. Or, 8

hours of work on both days. Or, ten hours of work on one day, and six hours work on the

other day.

If the output is the same, then, i should get the same amount of benefits. So, is it equal, or, is

it equitable. I know, this is a very poor example. But, you know, this is how, we decide. So,

we do it, on a case-by-case basis. Equitability deals with, our ability to look at things, from a

contextual point view. What we were talking about, in the previous lecture. Absolutism

versus relativism.

Okay. Equality is about absolutism. Equitability is about relativism. So, how do we decide.

And, these things are, culturally determined. A western, or, i should not say western. An

organization, rooted in individualistic culture, coming to operate in a community oriented

culture, will face this problem.

Because, an organization rooted in an individualistic culture, will look at things, from the

means to an end perspective. Goals are more important. Community oriented cultures, tend to

look at, how things are done. So, that they do not hurt, the people involved. So, we look at the

community, that is being affected.

So, you know, when we, when these two come together, they do not understand, that flexible

working hours are, have to be a part of, what you give to people. You have to take, the family

into account. You have to take, local holidays into account. You have to take, x's, y's, sisters,

mothers, aunts, cousins wedding, into account, when you are trying to give people, time off.

You cannot say, it has to be, in your immediate family. You know, these things are important.

So, this is how, we culturally determined, whether something is fair or not. And again, this

poses a problem, for the HR people, who have to take these decisions.

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Conflicting strategies for fair employment (Gomez-Mejia, Balkin & Cardy, 2012)

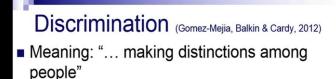
- Fair employment vs. Affirmative action
 - □ Fair employment: "...situation in which employment decisions are not affected by illegal discrimination"
 - ☐ Affirmative action: "... aims to accomplish the goal of fair employment by urging employers to hire certain groups of people who were discriminated against in the past."

Fair employment versus affirmative action. Fair employment refers to, any situation in which, employment decisions are not affected, by illegal discrimination. Affirmative action aims to, accomplish the goal of fair employment, by urging employers, to hire certain groups of people, who were discriminated, against in the past. Where do we, draw the line. Who are we, being fair to.

Am i being fair, to the current pool of candidates. Or, am i being fair, to the community, as a whole. When we talk about affirmative action, we are talking about, fairness to our social environment, from time immemorial. If he heard a certain part of the community in the past, this is our chance, to make up for it. That is what, affirmative action says. Fair employment says, today, what do i have in hand.

If i have this in hand, today, i will deal with it, today. I am not responsible for, what happened in the past. I am not responsible for, what happens in future. Today, based on, what i have in hand today, i will make this, plus or minus decision. So, that is where, this situation comes in. And again, you know, this dilemma comes in.

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■ Types:

□ <u>Disparate treatment</u>: "... occurs when an employer treats an employee differently because of his or her protected-class status."

□ Adverse impact or disparate impact: "... when the same standard is applied to all employees, but that standard affects the protected class more negatively (adversely)."

Discrimination. Very sensitive topic. And, i will try to, you know, be as objective as possible, while we are dealing with it. Discrimination means, making distinctions among people. We differentiate between people. Two types of discrimination, that exist. One is Disparate treatment, which occurs, when an employer treats, an employee differently, because of his or her, protected class status.

The other is, adverse impact, or disparate impact. When the same standard, is applied to all employees, but that standard, affects the protected class, more or negatively or adversely. So then, we talk about, disparate treatment or disparate. I am sorry, if i am pronouncing this word, disparate treatment. We are essentially saying that, i will give more, i will prefer the employee, who belongs to a certain community.

Or, i will not prefer them, because they belong to a certain community, or because, they are older, or because, they are younger, or whatever. When we talk about adverse impact, we are saying, i will treat everybody fairly. And, in doing so, if you know, it is not my responsibility, if a certain group of people, do not or end up, getting hurt.

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ejia, Balkin & Cardy, 2012) Adverse Impact
Indirect discrimination
Unequal consequences or results
Decision rules with racial/ sexual consequences or results
Unintentional discrimination
Neutral actions
Same standards, but different consequences for different groups

Now, the differences are clearer here. Disparate treatment refers to, direct discrimination. Adverse impact refers to, indirect discrimination. Where, we do not realize, or, we close eyes to, what the end consequences, may be. Okay. Disparate treatment is unequal treatment. Adverse impact is, refers to the unequal consequences of results. So, the treatment of the same, but the consequences are different. Because, people have different characteristics.

Disparate treatment decision rules with, racial sexual premise or cause. Adverse impact decision rules with, racial sexual consequences or results. So, at to in one, the causes determining, how we treat people. And, in the other, the results determine, how we have treated people, in the past. That is post-facto. Disparate treatment is intentional discrimination. Adverse impact, in most cases is, unintentional discrimination.

Disparate treatment refers to, prejudiced actions. Adverse impact refers to, neutral actions, but with differential consequences. Disparate treatment indicates, different standards for, different groups of people. Adverse impact indicates, same standards, but different consequences, for different groups of people. We have to decide, which side, we are on. Both, can be considered as, discrimination. How do we manage discrimination charges, if they are brought against, our organization?

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Managing discrimination charges

(Gomez-Mejia, Balkin & Cardy, 2012)

- Demonstrate job relatedness as the reason for the respective decision
- Bona fide occupational qualification: "... a characteristic that must be present in all employees for a particular job. e.g. PhD for faculty in institutes of higher education, or perfect eyesight for pilots
- Seniority: System must be well established and communicated to all employees as far ahead of time as possible
- Business necessity: "... when the employment practice is necessary for the safe and efficient operation of the organization and there is an overriding business purpose for the discriminatory practice."

Number one, we must demonstrate, job-relatedness for, as the reason for the respective decision, as the reason for the decision, we took. I took this decision, because, whatever, i was saying, was related to the job, that these people were supposed, to do. It had nothing to do with their background. If you cannot demonstrate that, then you have intentionally, or unintentionally, ended up discriminating against, certain groups of people. So, one has to be, very careful.

The other is bona fide occupational qualification. Bona fide occupational qualification, refers to a characteristic, that must be present for, in all employees, for a particular job. This means that, for example, i have given you, the example here. So, when you get the slides, you will see this. For example, we the faculty in institutes of higher education, are required to have a PhD, now. You may be, an excellent teacher.

But, if you do not have a PhD, you will not be promoted to the next level, or, you may not even be taken in. Could be taken in, as a lecturer, and you just, do not progress. It has nothing to do with you. But, if you need to guide other PhD's, if you need to contribute, you may be publishing papers. But, if you do not have the degree, you just cannot move on. Or, perfect eyesight for pilots. You may be, mentally very strong. Everything may be, okay.

But, as a pilot, you are required to see, certain distances. One of you, have a sleeping disorder. Or, if you have high blood pressure. Pilots have to deal with, very high stress

situations. They have to be, able to see, properly. They have to be, able to sleep, properly,

before they undertake, a long flight.

So, you know, you cannot be hired. It has nothing to do with your health. Or, you cannot say

that, you are discriminating, because i am sick. No. The requirements of the job are such,

what you do. So, you should be able to demonstrate that, the particular qualification was

required, to carry out the work, properly. Seniority.

The system must be, well established and communicated, to all employees, as far ahead of

time, as possible. So, if seniority is a criterion for your decision, you cannot say that, so and

so are senior, at the end minute. It has to be told to people, ahead of time. You may also be,

able to bank on, business necessity, when the employment practice is necessary, for the safe

and efficient operation, of the organization.

And, there is an over-riding business purpose, for the discriminatory practice. So, if you have

to take decision, in an emergency. And, you say, so and so was available. I had to call this

person, because, you were not there. And, you will say, i was next in line. Does not matter.

(sneezing) Excuse me. I had to do this. There is an emergency.

I needed somebody. So and so, was there. Even though, this person is maybe, 10 years' junior

to you. But, the person has the capability. I trained him. And, i am sorry, you were on leave.

But, you could not be given that opportunity. But, you have to be able to demonstrate that in

an, in a very crystal clear, convincing manner. Otherwise, you could be sued, for being

discriminatory.

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Reasonable accommodation for differently abled employees (Gomez-Mejia, Balkin & Cardy, 2012)

- "Employers must make reasonable accommodation for the known disabilities of employees"
- "Employers cannot deny a [differently abled] person employment to avoid providing the reasonable accommodation, unless providing the accommodation would cause an undue hardship" or unless the organization is physically or financially unable to provide reasonable accommodation e.g. equipment for paraplegic employees in India
- "No accommodation is required if the individual is not otherwise qualified for the position."

Reasonable accommodation for differently abled employees is another thing, that is required. Employers accord, again, you know, these are western, or US based mandates. But, they are applicable to, most countries, across the world. So, one should, employers must make reasonable accommodation, for the known disabilities of employees. For example, these days, even in India, we need to have, you know in, i mean, you know, a lot of places needs to be, wheelchair accessible, for example.

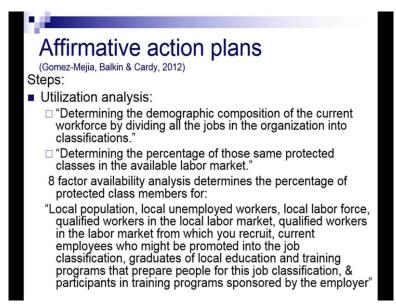
We are required to have, Indian style toilet seats, on every floor, of every building, office building. Because, that is the way, Indians are used to, using their toilets. So, that kind of things, it is not disabilities. So, if you have an Indian seat, you are supposed to. That is a mandatory requirement. But, when we talk about disabilities, i mean, you need to have support, for the known disabilities of employees.

Employers cannot deny, a differently abled person employment, to avoid providing the reasonable accommodation. You cannot say that, you know, i do not have, too many disabled people, in my organization. So, i will not make the ground floor, wheelchair accessible. Even, if one person comes, you must provide, the wheelchair accessibility. Unless, it becomes, too much. For example, in India, not too many organizations, have the ability to provide, equipment for paraplegic employees, for example.

So, that becomes difficult. You cannot, you know, unless the employee, brings their own equipment, you can make accommodation. But, you may not have the money, to provide this

equipment. No accommodation is required, if the individual is not, otherwise, qualified for the position. Some plans. Affirmative-action plans. How do we plan for, affirmative-action? How do we plan for, inclusion steps, utilization analysis?

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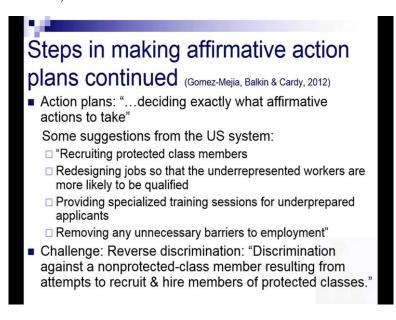
First step is, analysis of, what is required. So, we carry out this analysis by, we determine the demographic composition, of the current workforce, by dividing all the jobs, in the organization, into classifications. Then, we determine the percentage of those, same protected classes, in the available labor market. Like i told you, self-insight, self-outside. So, we find out, what is being done, by the industry.

And, we find out. And, one way of doing it is, by using this, 8-factor availability analysis. We look at these, different 8 factors, that have been listed here. That include, local population, local employed workers, labor force, qualified workers, qualified workers in the labor market, current employees, graduates of local education and training programs, and participants in training programs, sponsored by the employer. We draw comparative chart. And then, we decide, where we need to balance out, certain things.

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Step two is, setting goals and timetables. They should take into account, the size of underutilization. How many people, do we need. How fast, the workforce turns over. How many people, leave us and come. You know, how many people, do we hire on an annual basis, or periodically. Whether, the workforce is growing. or contracting me, maybe, rightsizing our organization. We are just reducing the size. So, and types of actions, the employer intends to undertake.

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Action plans. Once we have decided, how many people, we need. And, you know, what is going on. You know, we have set goals, and we have set timetables. Then, we need to design, an action plan. We decide exactly, what affirmative-actions, to take. Some suggestions, from

the US system are, we recruit, protected class members. We may end up, designing jobs. So,

that the under-represented workers, are more likely to be qualified.

We may provide, specialized trainings for, under-prepared applicants. We may give them,

training. We may give them, some additional, you know, we may hold their hand, for a

certain amount of time. So, that they are at par, with the rest of their peers. And, by removing,

any unnecessary barriers, to employment. You can give them, more time. For example, in

India, when we call from the applications for jobs, we know, that people from far flung areas,

may not be able to make it, to the deadline.

So, there is a clause, that people from the north-eastern region of the country, people from

Leh, you know, upper reaches of the Himalayas, sometimes people from tribal areas, people

from the Andaman's and Lakshadweep, can take a certain number of days, extra, to submit

their applications. So, the deadlines are different. So, that they have an equal opportunity, to

see the advertisement, decide, and then, we calculate, how much extra time, will they need, to

send their application in.

And, we give them, that much time. So, you remove, the unnecessary barriers to employment.

You give them some, you hold their hand, for little bit more, and make sure that, you know,

delays in postage and all, do not affect their application. Or, we say that, your applications

must be postmarked, by this date. So, the stamp should be the same, on the same date, which

has to be working day.

And then, if it takes 20 days to reach us, it takes 20 days. We will not calculate, that time. So,

that is another way of doing it. Okay. Challenge. Reverse discrimination. In our attempts, to

avoid discrimination charges, in our attempts, to be inclusive, we may end up being unfair, to

the non-protected classes of workers. Then, what do we do. That is a challenge. And, there is

a debate, going on.

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Avoiding pitfalls in equal employment opportunity (Gomez-Mejia, Balkin & Cardy, 2012)

- Provide training
- Establish a complaint resolution process
- Document decisions
- Be honest
- Ask only for information you need to know

How do you avoid pitfalls, in equal employment opportunity? Provide training to underrepresented groups. Establish a complaint resolution process. Anytime, there is a set of discrimination. People should know, who to, go to. And, this should be a fair, and comfortable, and safe process. You should, always, always, always, document, your decisions. And, be honest, with your employees, about your decisions. Especially, decisions, that can bring, potential lawsuits.

Ask only for information, that you need to know. I had, excuse me, i had touched upon this, when i was talking about, recruiting. We do not need to know, the marital status of our employees, unless, we intend to provide them, with health benefits, for their spouses. We do not need to know, the religion of our employees, unless, we intend to give them, religious holidays. So again, you know, this is personal information.

Religion is a personal matter. Marriage is a personal matter. Nobody, needs to know, these details. Unless, it is going to, directly affect the work, that i do. Why should we, want to know. You know, that can unnecessarily make some people, uncomfortable. So, if you avoid these things, then people will be more comfortable, in our organization.

That is all, i have for you, for today. Please think about, these issues. And, please feel free, to get in touch with me, through the forum. If you have, any questions, or doubts, or any ideas, on how, you can discuss these issues, in greater detail, in your classroom, or among your peers. Thank you, very much.