

# Towards Extending the Ethical Dimension of Human Resource Management

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## Abstract

Enduring interest in the 'social' aspect of the ethical dimension of Human Resource Management (HRM) on employees and society is a positive trend towards humanity. To maintain justice, fairness and well-being towards its stakeholders, it is necessary for an organization to perform HRM functions ethically. Authors identified two possible meanings to the ethical dimension of HRM. In addition to the above, a second possible connotation was recognized, and labeled as 'Ethical Orientation of HRM or EOHRM'. This is 'to direct HRM functions to create, enhance and maintain ethicality within employees, to make an ethical workforce in the organization'. EOHRM is conceptualized based on three dimensions: acquire, develop and retain. Elements of EOHRM are the functions of these three HRM fields. Ethical characteristics would be embedded into elements and question items of the instrument, in order to measure EOHRM. It seems that this concept has been unexplored by scholars in the existent HRM literature. This article attempts to bridge this knowledge gap to a significant extent. EOHRM is offered as a novel concept to HRM architecture, and it gives favorable directions towards future research.

**Keywords:** ethical dimension of HRM, ethical HRM, CSR-HRM, ethical orientation of HRM

## 1. Introduction

Human Resource Management (HRM) is a vast academic discipline as well as a crucial practice. HRM has been defined as "a strategic, integrated and coherent approach to the employment, development and well-being of the employees in an organization (Armstrong, 2014)." If HRM is viewed as a construct, it has several dimensions such as personnel, strategic, international and green. Based on the existent literature, it is possible to identify another dimension of HRM called 'ethical dimension' which is about ethics in managing people at work. Many scholars have established and extensively argued that, there is an ethical dimension to HRM (e.g., Greenwood 2002; Guest, 2002; Heery, 2008; Jack 2012; Khan, 2014; Wright & Snell, 2005). Boxall, Purcell, & Wright, 2007, cited in Armstrong, 2014 highlighted that, in addition to the role in supporting commercial outcomes, HRM also exists to serve organizational needs for social justice. According to Winstanley and Woodall (2000), the texts in HRM had almost ignored the ethical dimension of HR policy and practice, as a result of shifting its attention towards 'strategic fit' and 'best practices' approach. Basically, HRM is reflected as an ethical activity, where its core values are connected with the treatment of humans, thus conceptualizations of HRM automatically raises ethical concerns (Greenwood, 2013). Scholar further questioned, "What does it mean to us as humans to manage humans as resources?" Thus, authors identified a common view among scholars: 'it is essential to perform HRM functions ethically in an organization in order to maintain justice, fairness and well-being towards its stakeholders'. This is a well-recognized view of the ethical dimension of HRM for many years.

While giving due recognition to the above established meaning and the valuable contributions made by the earlier scholars to 'ethics-HRM' literature, authors identified a second possible connotation to the 'ethical dimension of HRM', and labeled as 'Ethical Orientation of HRM' or EOHRM. It is 'to direct HRM functions towards creating, enhancing and maintaining ethicality within employees, in order to maintain an ethical workforce in an organization'. EOHRM is a new construct, thus has not been theoretically or empirically researched in an academic setting in the past, specifically in Sri Lanka, and it appears to be in the international context too. Thus, authors identified a knowledge gap in HRM literature, and proposed a new construct to HRM literature. It is crucial and timely to investigate the EOHRM in detail. The problems of unethical behavior of employees and unethical decision-making in organizations have received much scholarly attention over the past

three decades (Trevino, 1986). Corrupt business practices and frauds have been identified as a growing concern, globally (Antonakas, Konstantopoulos, & Seimenis, 2014). Scholars argued that, integrity of employees is crucial in the corporate world (MacDougall, Martin, Bagdasarov, & Mumford, 2014). Ethical issues are common in a complex organizational context as a result of uncertainty prevailing in the environment (Trevino, 1986). Corrupt business practices and employees' unethical behaviors in organizations have become common incidents over the years (Treviño, Butterfield & McCabe, 1998). Increased media focus on this concern had exposed many frauds and corrupt incidents in the past, internationally (e.g., Arthur Anderson & Health South Corp., Enron, WorldCom, Toshiba Company Accounting fraud: Volkswagen Company emissions scandal etc.), as well as locally (e.g., Golden Key Company scandal and collapse of the Ceylincio Group: Sakvithi Ranasinghe money scam: the Pramuka Bank fraud etc.).

Managers in organizations are engaged in unethical practices and discretionary decision-making behavior, which affect the lives and well-being of others. Their unethical decisions and behaviors can bring many social concerns, mainly in the areas of health, safety, and welfare of the employees, consumers, society and ecological stability of the environment (Ulrich & Dulebohn, 2015). Increased concerns have been focused recently over a range of unethical business activities happening globally, such as abuse of physical resources disturbing the global ecological balance; violation of human rights; abusing animal rights etc. Researchers have tried to understand why employees behave unethically or engage in corrupt business practices at work (Kish-Gephart, Harrison & Trevino, 2010). Thus, issues on ethical and unethical behaviors of employees in organizations have become stimulating research topics in HRM and HRD literature in the recent past (Antonakas et al., 2014; Ardichvili & Jondle, 2009; Arulrajah, 2015; Debode, Armenakis, Field, & Walker, 2013). Researchers have identified that ethical problems are caused due to ethical ignorance, unethical decision-making and ethical failure or evil intent in business organizations.

In the present business context HRM is facing various pressures for change, due to fluctuations in the economy, globalization, domestic diversity, rapid change in technology (Stone & Deadrick, 2015). As a result, new demands have been created for organizations, pushing the HR field to new directions. These developments have created many challenges, as well as opportunities to HRM (Stone & Deadrick, 2015). The latest challenge to HRM is the changing phase of work relationships and nature of work in organizations. In the past, the employees in organizations focused only on their individual tasks, separated from coworkers in other functions. But, now organizations have started to change in response to the changing nature of work. Working from home, flexible working hours, learning through networking etc., are common work practices in the modern office environment. The novel work relationships had exposed many security threats and ethical dilemmas in the current corporate world. Further, researchers have identified that increased aging workforce and generational diversity has brought many new challenges to HRM in organizations (Stone & Deadrick, 2015). Shortage of skilled workers in organizations due to increase in the retiring of skilled baby boomers is just one example.

Thus, it is a crucial and a timely need to find new theories in HRM and Organizational Behavior (OB), in order to address these ethical problems in organizations.

This article attempted to achieve three objectives:

- 1) To explore the existent meaning of the ethical dimension of HRM.
- 2) To propose a distinct, new facet to the ethical dimension of HRM, labeled EOHRM.
- 3) To conceptualize and operationalize the new construct, EOHRM.

## 2. Methodology

The existing literature in HRM, Human Resource Development (HRD), Ethics, Business Ethics and Organizational Behavior (OB) were systematically reviewed. The archival method recommended by Tranfield, Denyer and Smart (2003) was used to develop a comprehensive understanding of the research theme and the key concepts of the study. The literature review initiated with a general search of key research articles published over the past 30 years in refereed journals, conference proceedings and edited book chapters in on-line databases such as, JSTOR, SpringerLink, ScienceDirect, Wiley Online Library, SAGE journals, Taylor & Francis Online, Emerald Insight etc. Search terms: ethics, ethics-HRM, ethical dimension of Human Resource Management, ethical/unethical behavior of employees, ethical culture, social HRM, CSR-HRM etc. were used in the literature search. After reading through the abstracts of about 75 articles, authors selected 40 articles directly relevant to the topic with reasonable number of citations, to be studied in detail. In addition, few edited book chapters and about five printed books of prominent authors, directly relevant to the research topic were studied in detail.

### 3. Ethics

In order to understand the concept of EOHRM it is appropriate to know the meaning of 'ethics' first. There are many scholarly definitions to ethics as summarized in Table 1 below.

Table 1. Definitions of Ethics

Source	Definition
The Compact Oxford Dictionary, as cited in Armstrong (2014)	- Ethics are related to morals, or treating of moral problems. Thus, 'ethical' is denoted as relating to morality.
The Oxford Dictionary	- Ethics deals with moral principles and considered as a branch of knowledge; moral philosophy (singular). - Ethics are moral principles that govern an individual/group behavior or conduct of an activity (plural).
Collins English Dictionary	- Ethics is the philosophical study of the moral values of human conduct and, about the rules and principles that should govern it (singular). - Ethics are social, religious, or civil codes of behavior of an individual, particular group or profession, that are considered correct (plural).
Opatha (2009)	- Ethics are moral beliefs and, rules or obligations with regard to right and wrong.
Armstrong, (2014, p. 96)	- Ethics is concerned with decision-making and rulings about what is the right course of action to take.
Luthans (2013, p. 46)	- Ethics are related to moral issues and choices, and they deal with right and wrong behavior.
Dessler (2013, p. 461)	- Ethics are principles of conduct governing an individual or a group. Ethics are mainly the standards you use to decide what your conduct or behavior should be.
De Silva & Opatha (2015, p. 9)	- Ethics are principles about right and wrong or good and bad behavior of the individuals or groups.

Ethics has been defined in many different ways (Table 1). Scholars have used the word 'moral' in many forms in the definitions: moral principles, moral values, moral beliefs, moral rules or obligations, moral judgment etc. Thus, authors identified a common thread: 'ethics are moral beliefs and rules or obligations with regard to right and wrong. Further, ethics deal with moral principles and values, which govern human behavior/conduct of individual or groups on what is 'right and wrong'.

However, in the day-to-day business, the words 'ethical' and 'moral' are used interchangeably. To denote people considered good and their right actions, word 'ethical' is used instead of 'moral'. Similarly, to imply bad people and their wrong actions, the word 'unethical' is used instead of 'immoral'. Although 'ethical' and 'moral' are used interchangeably in the daily use to explain individual or group behavior/conduct, scholars argued that they are two different concepts (Beauchamp & Bowie, 1983, cited in Armstrong, 2014).

### 4. HRM and Its Role in the Context of Ethics

Authors reviewed few Scholarly definitions of 'HRM' in order to understand its role in creating an ethical workforce in the organization. Scholars have defined HRM in many different ways:

In the international context, Dessler (2013) defined HRM as a process of key HR functions, such as acquiring, training, appraising, rewarding employees, seeing to labor relations and welfare needs of employees. Armstrong (2014) defined HRM as a strategic, combined and clear approach to the development and welfare of employees at work. According to Boxall and Purcell (2003), cited in Armstrong (2014), HRM is the management of all activities concerned with employees in the organization. An early researcher in HRM, Lado and Wilson (1994) defined HRM as a set of unique activities, functions and processes, which are aimed at attracting, directing and maintaining the organization's Human Resources.

In the local context, Opatha, (2009) defined HRM as "the efficient and effective utilization of human resources to achieve the goals of an organization." Further argued that only HRM could make things happen, where as other resources in the organization only make things possible. A similar view was noted in the local context: 'Human Resource (HR) or the people factor (PF) is considered as the most valuable resource out of many other resources (financial, physical, information etc.) in an organization' (Dharmasiri, 2015).

HRM is about 'all aspects of how people are being employed and managed in organizations'. Human Resource (people factor) is the most vital resource out of all other organizational resources such as money, machines, materials, methods etc., because the establishment, modification and fulfillment of organizational goals happen only if there is Human Resource available. Thus, HRM is considered as a critical factor in an organization.

Over the past three decades, many researchers have stressed the importance of HRM functions and practices in creating an ethical context in an organization (Ardichvili & Jondle, 2009; Buckley et al., 2001; Foote, 2001; Hosmer, 1994; Palomino & Martinez, 2011; Parboteeah, Seriki & Hoegl, 2014; Thite, 2013). To highlight few insights from the researchers: Hosmer (1994) argued that, the organizations which are engaged in moral precepts have a greater chance of success than the organizations which are involved in corrupt and immoral behavior. Buckley et al. (2001) believed that, HRM could lead the organizations towards conducting business in an ethical manner, hence, HRM practices could play a major role in development of an ethical organization. Foote (2001) believed, the standing of an organization's HRM functions has a high impact on its HRM's ability to influence ethical behavior of employees. Ardichvili & Jondle (2009) stated that, HRM and HRD's role as a key player is important in several activities in the organization, for example, to develop an ethical culture favorable to ethical behavior, ethical training for employees of all levels, development of codes of ethics etc.; Parboteeah et al. (2014) too agreed that, HRM functions can play an active role in building an ethical culture and climate in an organization. Hence, research on HRM in promoting ethics in organizations had become a key research topic, as HRM practices are believed to have a heavy influence on employees (Palomino & Martinez, 2011). Thus, HRM plays a crucial role in promoting ethics in an organization. Despite the critical, and proactive role of HRM in instilling ethics and values into HR policies, procedures and philosophy, research on HRM and HRD roles in ethics have been found still limited (Thite, 2013). Hence, it is timely to draw academicians' and professionals' attention to re-think, what has been already done and what innovations could be introduced to HRM and HRD literature in the future, to address the increasing ethical issues in the corporate world.

### 5. Ethics-HRM Debate

The Harvard analytical model for HRM (Beer et al. 1984, cited in Armstrong, 2014) proposed that HRM should be concerned with the enrichment of individual and communal well-being. Further argued that any emphasis on ethics and employee well-being in the HR debate has been challenging. They claimed that the ethical aspect of HR policy and practice has almost been ignored in the recent texts on HRM, as a result of the focus of HRM being shifted to other areas such as 'strategic-fit' and 'best practice' methods, rather than well-being of employees. However, the idea: 'HRM should be concerned itself with the enrichment of individual and societal well-being', is evolving for many decades (Kant, 1956, cited in Jack, Greenwood & Schapper, 2012). Apart from the society's well-being, the employees' welfare aspect of the organization had received much scholarly attention over the years. Early scholars in the 'ethics-HRM' debate (e.g., Greenwood, 2002; Greenwood, 2007; Legge, 1998; Winstanley & Woodall, 2000) reviewed and developed the current position of the ethical dimension of HRM, initially differentiating the ethical outlook of HRM from its critical viewpoint and the key framework. For example, according to Greenwood (2002) the ethical analysis of HRM has taken two forms: (i) the application of Kantian and utilitarian ethical theories to the whole of HRM, and (ii) the application of justice and fairness theories to specific HRM practices. Immoral HRM practices and unethical treatment towards employees in organizations, have contributed to the long-standing 'ethics-HRM' debate (Greenwood, 2002; Greenwood, 2005; Greenwood & De Cieri, 2007; Heery, 2008; Jack et al., 2012; Legge 1998; Winstanley, Woodall & Heery, 1996; Winstanley & Woodall, 2000; Van Buren, Greenwood & Sheehan, 2011). Researchers have identified that, HR ethical issues were mostly connected with lack of respect and concern for the employees and their sustainable well-being. For example, extended working hours had increased work stress and poor health problems of employees at work, leading to many social problems. Early scholars (Kant, 1956, cited in Jack et al., 2012) too were concerned about how the organizations have been treating their employees. Hence, Armstrong (2014) argued that to avoid such ethical HR issues and dilemmas in organizations, it is important to apply social responsibility towards their employees' and the society.

Many researchers have added valuable insights to the enduring 'ethics-HRM' debate (Beer et al, 1984, cited in Armstrong, 2014; Greenwood, 2002; Greenwood, 2005; Greenwood, 2007; Greenwood & De Cieri, 2007; Greenwood & Freeman, 2011; Heery, 2008; Jack et al., 2012; Khan, 2014; Legge, 1998; Van Buren et al., 2011; Winstanley & Woodall, 2000). To explain this in just one sentence: the 'ethics-HRM' debate is principally about the organization's attention on treating their employees in an ethical manner, and being concerned about their well-being.

## 6. First Meaning to the Ethical Dimension of HRM

*"To perform HRM functions ethically, in order to maintain justice, fairness and well-being towards its stakeholder"*

This is the present well-established facet of the ethical dimension of HRM, or the 'social' aspect of it. Scholars (Guest, 2002; Greenwood, 2002; Greenwood & Freeman, 2011; Jack et al., 2012; Legge, 1998; Winstanley et al., 1996) have established a common view with regard to the ethical dimension of HRM in organizations. They agreed that HRM plays a critical role in organizational needs for social justice, including employees' and societal wellbeing, in addition to its supportive role in the financial outputs. (Beer et al., 2007, cited in Armstrong, 2014). Thus, to maintain justice, fairness and well-being towards an organization's stakeholders, it is crucial to perform the HRM functions ethically.

The idea, 'HRM should be concerned with the enrichment of employees and societal well-being', has been evolving over many decades. This aspect is highlighted in Carroll (1979) as the Corporate Social Responsibility (CSR) of an organization. It is also labeled as Corporate Social Performance (CSP) of an organization. Literature revealed that, this concept has been growing for many decades as early as since 1930s (Berle & Means, 1932, cited in Carroll, 1979). The society expects from an organization something over and above its lawful requirements, which is reflected as the 'ethical social responsibility' of an organization (Carroll, 1979). Organizations display CSR when they conduct their business in an ethical manner, considering the overall impact of their functions (internal, social, environmental and economic), going beyond compliance. Armstrong (2014) noted that, CSR is generally concerned with how companies function in a responsible manner towards their stakeholders, including how they manage their people ethically.

Luthans (2013) argued that, since ethics influence how the employees are being treated ethically and their well-being in organizations, they in turn affect employee job performance. Opatha (2009) stated that the evaluators must give due consideration to the ethics of performance evaluation (PE), and failure in this responsibility would lead to many organizational issues. Conducting HRM functions ethically towards the society and the environment is crucial for the benefit of the organization and its employees. In a recent survey (Schmidt et al., 2012) on HRM efforts for environmental sustainability, researchers identified that organizations' interest towards 'greening' is beneficial not only for the environment, but it also influences organizations' increasing of financial performances and engaging of employees.

Many researchers (Ardichvili & Jondle, 2009; Arulrajah, 2015; Greenwood, 2013) have identified that the probable areas causing ethical concerns in HRM, in terms of unethical business practices in organizations are: canvassing and favoritism in hiring, training and development; sexual harassment; inconsistent disciplinary measures; discrepancies in maintaining confidential records of employees; gender discrimination in hiring and promotion; recording of incorrect performance factors in appraisals; health hazards of consumers and environmental green issues etc.

Through the above literature, authors identified that there is a traditional, well-established 'social' aspect to the ethical dimension of HRM. This phenomenon highlighted a unique feature of the HRM functions, which is concerned about the social well-being of the organization's stake holders: employees, customers, shareholders, society and the environment. Scholars have already labelled this feature as 'CSR-HRM' or 'CSP-HRM' (Carroll, 1979; Greenwood, 2013) of the ethical dimension of HRM. Thus, conceptually, authors established that the 'Social' aspect or 'CSR-HRM' aspect of an organization is the first meaning to the ethical dimension of HRM.

## 7. Proposed Second Meaning to the Ethical Dimension of HRM

*"To direct HRM functions to create and enhance ethicality within employees, in order to make an ethical workforce in the organization"*

The theme of this article is 'towards extending the ethical dimension of human resource management'. The authors argued that, there are two possible meanings to the ethical dimension of HRM. The first meaning, 'social' aspect of the ethical dimension of HRM has already been discussed in detail. HRM has been analyzed at many different approaches over the past several years (e.g., Strategic HRM, Green HRM, e-HRM, Strategic-fit, High Performance Work Practices, Bundles of HRM Practices etc.). In addition, many existent scholars have explored the ethical dimension of HRM from its social aspect (CSR-HRM) or the welfare needs of their stakeholders. Ironically, this facet has been called ethics-HRM in many instances, whereas only the CSR aspect in the ethical dimension of HRM has been discussed. Literature revealed, no theoretical or empirical investigation has been conducted, specifically in Sri Lanka, and perhaps globally, to explore how HRM functions could be ethically oriented, or how HRM functions could be directed to create, enhance and maintain ethicality within employees,

in order to make an ethical workforce in the organizations. Authors propose this feature as the second connotation to the ethical dimension of HRM, and labeled it as 'Ethical Orientation of HRM' or EOHRM. The new concept. EOHRM differs from the 'social' aspect of the ethical dimension of HRM, or CSR-HRM in its conceptualization as well in its operationalization.

EOHRM is 'to direct functions in the major HRM fields (acquire, develop and retain) to create, enhance and maintain ethicality within employees, to make an ethical work force in the organization'. 'Ethicality' is a related form of the word 'ethical' which means 'pertaining to the principles of morality or morals, or dealing with right and wrong behavior or conduct (dictionary.com)'. Thus, EOHRM guides HRM functions towards creating, enhancing and maintaining principles of morality within employees or their moral beliefs on the distinction between right and wrong, or good and bad behavior/conduct at work. EOHRM incorporates ethical aspects into key HRM functions, to make an ethical work force in the organization. This is in contrast to the CSR-HRM or to perform HRM functions ethically, in order to maintain justice towards the organization's stakeholders.

This vital aspect of the ethical dimension of HRM has been given less attention in the existent literature, and not been researched theoretically or empirically in the past locally, and perhaps globally. The need to create, maintain and retain ethical employees in organizations has been discussed in many global forums. Creating an ethical workforce in organizations through EOHRM would add many valuable implications to the organization's stakeholders. For example, 'The Inside Business' the Hampton Roads Business Journal (pilotonline.com) highlighted the roles of HRM functions in generating, maintaining and retaining ethical employees in organizations. It emphasized, hiring process is the starting point of maximizing ethical behaviors in employees at work. Further, it stressed the importance and need of complimenting the potential employees' knowledge, skills and abilities with moral values (respect for others and rules and regulations), and states, "personal integrity and high ethical standards are indispensable qualities to possess." Dessler (2013) argued that, when there are no strong ethical standards in place, simple financial performance-oriented incentives may cause unethical behavior in organizations. Hence, to establish strong ethical standards in organizations, this renewed focus on the ethical dimension of HRM or EOHRM is a critical and a timely need.

This article established that there are two possible meanings to the ethical dimension of HRM:

(i) *To perform HRM functions ethically*, in order to maintain justice, fairness and well-being towards the stakeholders. This facet is the 'social' aspect of ethical dimension of HRM, and labeled as the CSR, CSP or 'CSR-HRM'.

(ii) *To direct HRM functions to create, enhance and maintain ethicality* within employees, in order to make an ethical workforce in the organization. This is the proposed second meaning to the ethical dimension of HRM, and labeled as the Ethical Orientation of HRM or 'EOHRM'.

#### **8. Conceptualization of Ethical Orientation of HRM (EOHRM)**

Understanding how EOHRM differs from the existing CSR-HRM is vital to operationalize EOHRM. It is identified as a new concept in HRM literature, and operationalized based on the major fields of HRM: acquire, develop and retain. EOHRM differs from the existent 'social' aspect of the ethical dimension of HRM, which is aimed at conducting HRM functions ethically in an organization towards the well-being of its stakeholders. The EOHRM is based on the second meaning: to direct functions in the major HRM fields (acquire, develop and retain) to create, enhance and maintain ethicality within employees, in order to generate an ethical work force in the organization.

'Ethicality' is about the extent to which current employees deal with moral standards or principles of morality, relating to right and wrong behavior, when performing their official roles and other roles apart from the work settings. Ethicality is defined as 'the extent to which employees in a particular organization think, decide, act and react morally'. In other words, it is the degree of moral goodness of employees. Ethicality can exist at two levels: (i) individual level, which can be labeled as 'personal ethicality' and (ii) group level, which can be labeled as 'collective ethicality'.

Since EOHRM is a new concept, there are no established definitions available in the existent literature. Hence, authors constructed a working definition for EOHRM based on the influence of three aspects: (i) the existing scholarly definitions of ethics and HRM; (ii) HRM and its role in the context of ethics, and (iii) the proposed second meaning to the ethical dimension of HRM.

##### *8.1 The Working Definition of EOHRM*

"Ethical Orientation of HRM or EOHRM is the extent to which HRM functions have been directed to create, enhance and maintain ethicality within employees, in order to make an ethical work force in the organization."

Further, the EOHRM may alternatively be called as 'Moral-HRM'. It is about embedding ethical or moral aspects into HRM functions, in order to transform normal employees into ethical or moral employees. EOHRM exists to provide the organization with an ethical workforce.

### 9. Operationalization of Ethical Orientation of HRM (EOHRM)

EOHRM is "the extent to which HRM functions have been directed to create, enhance and maintain ethicality within employees, in order to make an ethical work force in the organization". It includes incorporation of ethical aspects into the main HRM functions. The operationalization of EOHRM is based on the key HRM functions and prominent HRM literature (Armstrong, 2014; Dessler, 2013; Jackson & Schuler, 1995; Opatha, 2009). Accordingly, EOHRM comprises of three dimensions: Acquire, Develop and Retain. The three dimensions are further expanded into their respective elements, as detailed below.

Dimensions	Elements
Acquire	Job Analysis, Recruitment, Selection, Hiring, Induction.
Develop	Performance Evaluation, Training & Development.
Retain	Pay Management, Welfare Management, Incentives Management, Management of Promotions, Discipline Management, Grievance Management

Following example describes how ethical aspects could be incorporated into HRM functions, in the process of operationalization of EOHRM.

'*Acquiring*' is a main field in the HRM architecture, with five HRM functions: job analysis, recruitment, selection, hiring and induction (Armstrong, 2014; Dessler, 2013; Jackson & Schuler, 1995; Opatha, 2009). EOHRM, is to direct HRM functions to create, enhance and maintain ethicality within employees in organizations. As the initial step in this process, HRM functions would be directed to *attract, select, hire and induct ethical candidates* into the organization. To ensure this, EOHRM functions should include systematic ethics screening aspects in the process of 'Acquiring', or to the functions of acquiring (Job Analysis, Recruitment, Selection, Hiring and Induction, as proposed below.

*Job Analysis:* To include ethical qualities as a duty in Job Description, and ethical competencies as an exceptional element in Job Specification.

*Recruitment:* To include ethics-related aspects in the recruitment policies of the organization, and to communicate the employer's ethical concerns through recruitment.

*Selection:* To select applicants who are sufficiently aware of ethics to fill job vacancies, and to select applicants who have been ethical as citizens under their private life domain. Techniques such as, examination of behavioral information from resumes or behavioral-interviews, reference/background checks, integrity screening tests and posing ethical dilemmas in the interview can be used as methods of the selection.

*Hiring:* To include ethical standards expected from the new employee in a pledge, explain and get it signed, and to include ethical standards expected from the new employee in the offer letter.

*Induction:* To include components in the induction programs to make new employees familiar with ethics and the organizational goal in making employees ethical. Also programs are developed to show ethical behavior of current employees or their ethical role models.

In the same manner, ethical aspects could be included into the other two domains, Develop and Retain. In the process of operationalization, the three dimensions of EOHRM, acquire, develop and retain, are further expanded into elements and sub-elements. The sub-elements indicate the ethical aspects of the respective elements (Table 2) and would direct through to prepare the respective question items from EOHRM.

Table 2. EOHRM- Dimensions, Elements and Sub-elements

Dimensions	Elements	Sub-elements
Acquire	Job Analysis	- to include ethical dimensions as a duty in Job Description - to include ethical competencies as a special requirement in job specification.
	Recruitment	- to include ethics-related criteria in the recruiting messages of the company. - to communicate the employer's concern about ethics through recruitment efforts.
	Selection	- to select applicants who are sufficiently aware of ethics to fill job vacancies. - to select applicants who have been ethical as citizens under their private life domain.
	Hiring	- to include ethical standards expected from the new employee in a pledge, explain and get it signed. - to include ethical standards expected from the new employee in the offer letter.
	Induction	- to make new employees familiar with ethics and organizational efforts in making employees ethical. - to develop induction programs showing ethical behavior of current employees.
Develop	Performance Evaluation	- to evaluate employee's job performance according to ethics-related criteria. - to include a separate component for progress on ethicality in the performance feedback interview.
	Training & Development	- to impart right knowledge and skills about ethics (societal, professional and individual ethics etc.) to each employee through a training program exclusively designed for making employees ethical. - to do training needs analyses to identify training needs of employees in respect of ethics.
Retain	Pay Management	- to integrate ethical standards, in addition to performance levels when considering pay. - to connect 'input equity' of pay to ethical performance and ethical competence.
	Incentives Management	- to give financial incentives to employees for their ethical performance of job. -to give non-financial incentives such as praises and recognitions to employees for their ethical behavior.
	Welfare Management	- to provide certain welfare services, such as time-off services, advances and loans, transport services etc., to only those who are ethical.
	Management of Promotions	- to consider ethicality of the employee as a main criterion for giving promotions. - to appoint members who are highly ethical to promotion committees.
	Discipline Management	-to formulate and publish rules of conduct relating to ethics. -to develop a progressive disciplinary system to punish employees who violate the rules with regard to right and wrong.
	Grievance Management	-to allow 'whistle-blowing' in the organization. -to appoint an 'ethics officer' to deal with claims of unethical behavior.

The above dimensions, elements and sub-elements would guide towards developing an instrument to measure the novel construct, EOHRM in an organization. In the measuring instrument, ethical aspects should be included in each element and question item of EOHRM. The ethics related details under sub-elements would guide towards constructing the question items in the measurement instrument of EOHRM.

## 10. Conclusion

This article attempted to achieve three objectives: (i) to explore the existent meaning of the ethical dimension of HRM; (ii) to propose a distinct, new facet to the ethical dimension of HRM, labeled EOHRM and (iii) to conceptualize and operationalize the proposed construct EOHRM, guiding towards a measurement instrument. Firstly, the authors explored the ethical dimension of HRM and identified that there are two possible meanings to it. The first meaning is 'to perform HRM functions ethically, in order to maintain justice, fairness and well-being towards the stakeholders'. This is the well-established, existing meaning of the ethical dimension of HRM, or the 'social' aspect of ethical dimension of HRM. Scholars (Carroll, 1979; Greenwood, 2013) labeled this concept as the CSR or CSP of HRM. Secondly, the authors identified a possible second meaning to the ethical dimension of HRM, and labeled it as Ethical Orientation of HRM or EOHRM. This construct is 'to direct HRM functions to create, enhance and maintain ethicality within employees, in order to make an ethical workforce in the organization. This is a distinct aspect of the ethical dimension of HRM, in contrast to the existing 'social' aspect. Ethical Orientation of HRM or EOHRM is proposed as a new construct to address issues connected with



ethicality within employees, and unethical behavior of employees at work. Finally, the authors constructed a working definition for EOHRM, conceptualized and operationalized the concept towards developing an instrument to measure EOHRM.

Originality of this article is it identified a second connotation to the ethical dimension of HRM and proposed a new construct to HRM literature labeled 'Ethical Orientation of HRM (EOHRM)', which can be considered as a valuable contribution to the HRM and Organizational Behavior (OB) literature. Hence, this paper has a significant utility for future research.

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