Agenda:

• Introduction
• Why HR Professionals Should Care About Ethics
• Creating an Ethical Culture
• Developing an Ethics Program
• Summary and Conclusion
I. WHY SHOULD HR PROFESSIONALS CARE ABOUT ETHICS?

A. Organizational & Professional Integrity

B. Legal & Social Responsibility

C. Human Resources Role
Study on American business ethics found out of 3000 HR pros surveyed:

- 23% of their companies did not offer a comprehensive ethics program
- 50% had no means of seeking ethics advice
- 57% said ethics played no part in employee evaluations
- 19% felt pressure to compromise their ethical standards
- 83% said HR department was organization’s primary resource for ethics related information
- 71% said HR was involved in their organization’s ethics policy

By Patricia Stokke - 9.16.09
A. Organizational Integrity

Key to building a trustworthy reputation

• HR contributes to developing, maintaining, & marketing an organization’s image & reputation
Professional Integrity

The Six Core Principles of the SHRM Code of Ethical & Professional Standards:

- Professional Responsibility
- Professional Development
- Ethical Leadership
- Fairness and Justice
- Conflicts of Interest
- Use of Information

http:moss.07.shrm.org/about/Pages/code-of-ethics.aspx

By Patricia Stokke - 9.16.09
B. Legal & Social Responsibility

Legal compliance with:
- Employment laws
- Financial regulations
- Industry specific regulations

Social Responsibility:
- Business’/HRs’ obligation to maximize its positive impact & minimize its negative impact on society & stakeholders.
C. Human Resources Role

- Responsibility for preparing policy advice & interpreting law/policy
- Globalization impact
- Organizational conscious
- Assess risks of ethical lapses & disasters

By Patricia Stokke - 9.16.09
3 Different Types of Ethical Problems Facing HR Professionals:

1. Need for Discernment

2. Conflict between the HR professional’s judgment and the responsibility to act as an agent

3. Conflict of Interest
II. CREATING AN ETHICAL CULTURE

• A. Ethics vs. Business Ethics

• B. Ethical Issues & Decisions

• C. Explicit vs. Implicit Messages
A. Ethics vs. Business Ethics

Ethics:
Principles or beliefs about what is right or wrong.

Business ethics:
The principles and standards that determine acceptable conduct in business organizations.
B. Ethical Issues and Decisions

Ethical Issue:
Situation that requires a choice between several actions that may be evaluated as right or wrong.

Ethical decision:
A decision that reasonable stakeholders would find acceptable because it aids stakeholders &/or is legal.

Unethical decision:
A decision that one hides because it enables gain at the expense of society or other stakeholders &/or is illegal.

By Patricia Stokke - 9.16.09
C. Explicit vs. Implicit Messages

Explicit Messages:

• Approach organizational & HR issues openly
• Establish Codes of ethics
• Make asking questions an accepted practice

Implicit Messages:

• Inferred messages sent to employees
• Actions speak louder than words

By Patricia Stokke - 9.16.09
III. DEVELOPING AN ETHICS PROGRAM

A. Components of an Ethics Program

B. Legislating Behavior

C. Management Support
A. Components of an Ethics Program

• Establish the responsibilities of the governing authority for ethical leadership

• Assess ethical/legal risks

• Implement operational oversight through ethics officer or HR manager

• Develop a code of ethics

• Communicate values, standards, culture, & expectations

• Enforce standards with rewards & punishment in support of org culture

• Continuously improve and revise the program

From: Managing Risks for Corporate Integrity by Brewer, Chandler, & Ferrell
By Patricia Stokke - 9.16.09
B. Legislating Behavior?

Code of Conduct/Ethics:
Formalized rules and standards describing what an organization expects of its employees.

Considerations in developing a code of conduct:
• Create a team to assist in development of the code
• Make sure all employees understand the code
• Conduct ethics training
• Treat the code as a living document

From: *Business A Changing World*, 5e by Ferrell, Hirt, & Ferrell

By Patricia Stokke - 9.16.09
C. Management Support

Championed and Supported by:
Executive Management

Supported by:
Middle Management

Supported by:
Supervisors

By Patricia Stokke - 9.16.09
“The burden is on each HR manager [professional] to be reflective, always alert to the potential that what appears to be a routine decision may actually be a chance to do right.”

Elisabeth D. Scott
Eastern Connecticut State University
“The Ethics of Human Resource Management”
References

• Ethical Challenges in Human Resources, James O’Toole, [www.scu.edu/ethics/practicing/focusareas/business/ethics-human-resources.html](http://www.scu.edu/ethics/practicing/focusareas/business/ethics-human-resources.html)
• Working Papers Series: School of Management, [www.vu.edu.au](http://www.vu.edu.au)
• Managing Risks for Corporate Integrity, Brewer, Chandler, & Ferrell, Thomson, 2006
• The Ethics of Human Resources and Industrial Relations, Budd and Scoville, 2005 LERA
• Where Ethics and HR Collide, [http://blogs.bnet.com/ethics/?p=183&tag=content;coll](http://blogs.bnet.com/ethics/?p=183&tag=content;coll)