



The Role of Ethics in Human Resources

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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

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>

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

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.

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

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

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

C. Management Support

Championed and Supported by:
Executive Management

Supported by:
Middle Management

Supported by:
Supervisors

Summary & Conclusion

“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”

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