ETHICS AND CORPORATE SOCIAL RESPONSIBILITY

THE OBJECTIVES OF THIS CHAPTER ARE TO:

1 INTRODUCE THE TOPIC OF ETHICS AND CORPORATE SOCIAL RESPONSIBILITY

2 CONSIDER THE PARTICULAR ASPECTS OF ETHICS THAT AFFECT HRM

3 REVIEW THE VARIATIONS OF ETHICAL PRACTICE ACROSS NATIONAL BOUNDARIES

4 SUGGEST PARTICULAR ETHICAL QUESTIONS FACING HRM PEOPLE IN THE FUTURE

WINDOW ON PRACTICE

In January 2004 the Treasury Select Committee of the British Parliament criticised chief executives of large insurance companies for taking big pay rises at a time when the profitability of their companies and the value of endowment policies was falling, both after a period during which endowment policies had been mis-sold. Between 1999 and 2002 the value of payouts from endowment policies had declined by an average of 25 per cent, the companies' share prices had declined by 50 per cent and the chief executives' remuneration had risen by amounts between 45 per cent and 70 per cent to sums ranging up to £1.3 million. The chairman of the committee said, 'The industry is going downhill like a slalom skier . . . Why do you think you're worth so much?'

Source: Based on A. Senior (2004) 'MPs attack insurers over chiefs' pay', *The Times,* 28 January, p. 26.

This could be a starting point for the fourth general discussion topic at the end of this chapter.

THE ETHICAL DIMENSION

Human resource management has always had an ethical dimension. In Chapter 1 we defined the first phase of its evolution as a preoccupation with social justice, and when the second phase of preoccupation with developing bureaucracy began it was the development of *humane* bureaucracy. The odd thing is that practitioners have for so long been trying to bury this aspect, while academic commentators have grumbled that personnel practitioners fail to deliver on it. Thirty-five years ago it was possible to write a chapter in a book on personnel management with the title 'The Social Role of Personnel' (Torrington 1968, pp. 147–60) and generate a series of reviews that all vehemently disagreed with the implicit proposition that there actually *was* a social role for the personnel manager in the business. In 1977 Peter Anthony reminded his readers of an earlier statement by Michael Fogarty at an IPM conference, 'the business of business is business' before adding his own comment, 'it is the business of the industrial relations specialist to make sure that the business can get done'.

Since then there has been some increase of interest in ethics, but now it is not a vain attempt of the nice personnel people to act as the conscience of the company. Instead, it is a much more general management interest. Kenneth Blanchard is an American academic and consultant of considerable reputation, including being the author of the best-selling *The One-Minute Manager*. He teamed up with Norman Vincent Peale, who had written in 1952 *The Power of Positive Thinking*, which had sold no fewer than 20 million copies. Together they produced a slim, popular book about ethics in management which they described as follows:

ethical behaviour is related to self-esteem. We both believe that people who feel good about themselves have what it takes to withstand outside pressure and to do what is right rather than do what is merely expedient, popular or lucrative. We believe that a strong code of morality in any business is the first step toward its success. We believe that ethical managers are winning managers. (Blanchard and Peale 1988, p. 7)

It is interesting that the idea is 'sold' as a means to an end rather than as an end in itself, and it sounds almost as 'expedient, popular or lucrative' as the alternative that they are disparaging. We will return to the general management interest in business ethics later in the chapter, but we can get Blanchard and Peale in clearer perspective if we consider some definitions.

Any dictionary will indicate that ethics can be both singular and plural. In the singular it relates to:

the moral value of human conduct and the principles that ought to govern that conduct.

The plural form describes:

a social, religious or civil code of behaviour considered to be correct, especially that of a particular group or profession.

In the business context we can therefore understand ethics as a part of the culture of the individual business corporation that sets norms of behaviour by which people in the business will abide because the norms have some moral authority as well being convenient. It is also a set of guidelines followed by people in a particular group or profession because it makes practical sense in enabling them to do their jobs. Barristers will not represent two different clients if there is likely to be a conflict of interest between the clients. Doctors will generally refrain from sexual relationships with their patients. In both cases there are sound practical reasons, quite apart from any moral dimension.

Early management concern with ethics

The early management concern with ethics was discussed in Chapter 1, where comments were made about some of the Victorian philanthropists, such as Lord Leverhulme. An American contemporary was Andrew Carnegie, who was born in Scotland but made a considerable fortune after emigrating to the United States and devoted the last years of his life to giving most of it away. In 1900 he wrote a book called *The Gospel of Wealth*, which set out a statement of corporate social responsibility that was quite as paternalist as that of his British counterparts. He believed that corporate social responsibility had two principles, charity and stewardship. The more fortunate in society had an obligation to aid the less fortunate (charity) and those with wealth should see themselves as owning that wealth in trust for the rest of society by using it for purposes which were socially legitimate (stewardship).

Carnegie was very influential, largely because he dispensed charity on such a massive scale, but the paternalism gradually drew more and more criticism and the involvement in social responsibility waned. It was more or less destroyed altogether by Milton Friedman, who argued that those in business were not qualified to decide on the relative urgency of social needs. He contended that managers who devoted corporate resources to pursue personal interpretations of social need might be misguided in their selection and would unfairly 'tax' their shareholders, employees and customers:

> There is one and only one social responsibility of business: to use its resources and energy in activities designed to increase its profits as long as it stays within the rules of the game, engaging in open and free competition, without deception and fraud.
> (Friedman 1963, p. 163)

Renewed interest in business ethics

The 1980s saw the return of interest in business ethics, although to many people it remains an incongruous concept:

> Many persons educated in the humanities (with their aristocratic traditions) and the social sciences (with their quantifying, collectivist traditions) are uncritically anti-capitalist. They think of business as vulgar, philistine, and morally suspect . . . Three accusations come up.
>
> (a) In pursuit of profits, won't businesses act immorally whenever necessary?
> (b) Aren't executive salaries out of line? Isn't dramatic inequality wrong?
> (c) Isn't it wrong to subject workers and middle managers in their mature years to so much insecurity? Isn't it wrong to let people go abruptly and without a parachute?
> (Novak 1996, pp. 7–8)

That was an American perspective, but would be echoed by many people in Europe. There is also the more general feeling that any commercially driven activity has dominant motivations that are inevitably opposed to social considerations. Another version of the same view, echoing Friedman, is that those in management positions should *not* make moral judgements as they have no authority to do so. Instead they should respond to public opinion as expressed by customers' purchasing decisions, demonstrations by pressure groups or trade unions or by government legislation.

WINDOW ON PRACTICE

One relatively recent form of control on management decision making is *whistle blowing*, which describes the practice of an employee metaphorically blowing a whistle to attract attention from the outside to some ethical malpractice within the business. Originally this was done by lone individuals taking great risks with their employment,

but the method has now altered through the establishment of a charity, *Public Concern at Work*, which gives free legal advice to potential whistle blowers. Its director claims that most issues are now settled within the business:

90 per cent of clients who follow our advice report a successful outcome. This has much to do with our policy that, if raised responsibly within the organisation, concerns about malpractice will be addressed properly by those in charge. (Dehn 1997)

An alternative point of view sees business practice as a product of its past:

Wealth or values creation is in essence a moral act. The individual entrepreneurs who first organised production systematically were steeped in largely Nonconformist religious convictions that blocked most customary routes to advancement in British society of the eighteenth and early nineteenth centuries [who] . . . shared a belief that their works on this earth would justify them, that the Kingdom of Heaven was to be built by them, here and now. (Hampden-Turner and Trompenaars 1993, p. 3)

These authors then argue that the moral values that drive wealth creation are rooted in the national and organisational cultures of the wealth-creating corporations, although that is frequently forgotten because of the prominence given to the 'value-empty' discipline of economics, of which Milton Friedman was the supreme example:

The qualities of work performed by these corporations depend as much on the durable values of their work cultures as they once depended on the values of their founders. In our survey of 15,000 executives we found that culture of origin is the most important determinant of values. In any culture, a deep structure of beliefs is the invisible hand that regulates economic activity. (Friedman 1963, p. 4)

The need for ethical guidelines

The further simple logic supporting the need for ethical guidelines is that actions in business are the result of decisions by human beings, and human beings tend to seek justification for their actions beyond the rule of value for money. Frequently this takes the form of grotesque rationalisation. The various Mafia families apparently have a very robust code of conduct, based on strong family cohesion and a convenient interpretation of the Roman Catholic faith. This 'justification' enables them to peddle drugs, launder money, run large-scale prostitution and extortion, to say nothing of killing people, without a sense of guilt. Osama bin Laden apparently is motivated by a personal interpretation of Islam that legitimises terrorism.

Fortunately most people do not resort to such extreme behaviour, but will still seek to justify to themselves actions they take that can have unpleasant consequences for other people. The person who is totally rational in decision making is a rare creature in business life. In Chapter 25 there was an account of Milgram's work, which showed people acting in a most extreme way when they were put in an 'agentic state', whereby the responsibility lay somewhere else, absolving the individual of any guilt or responsibility associated with their actions. Recent concern about responsibility for fatal accidents has created great interest in the concept of corporate manslaughter. Who is responsible for a train crash, the train driver or those in overall charge of the business who did not arrange for suitable training, supervision or other facilities?

Moral justification

Sometimes the moral justification comes from a value system that is independent of the business itself and where individual opinions can be sharply divided. Some doctors and nurses are happy to work in abortion clinics, while others refuse, as some people are passionately committed to the woman's right to choose and others are equally passionately pro-life. Some people are enraged about the destruction of green land to build motorways, while others are enthusiastic. Other actions and decisions are more generally supported by the external value system. Few would disagree that people at work should be honest and that claims about a product or service should be accurate. Most would also agree with the general proposition of equal opportunity for all, although there may be sharp disagreement about what exactly that means in practice.

Ethical principles

Some standards of ethics derive from voluntary agreement by members of a particular industry, such as editors of national newspapers, or statutory 'watchdogs' such as those monitoring the activities of privatised public utilities. The problem of pensions and similar financial services being mis-sold has produced the Personal Investment Authority, which has quite swingeing powers intended to prevent a repetition of that sort of problem. Then there are the ethical standards that are generated within a particular business. The Royal Dutch/Shell Group of Companies relies largely for its international effectiveness on the values shared by all its companies and employees. No new joint venture will be developed unless the partner company accepts them.

> The business principles are a set of beliefs which say what the Shell group stands for and covers in general terms its responsibilities to its principal stakeholders, its shareholders, employees, customers and society. They are concerned with economic principles, business integrity, political activities, the environment, the community and availability of information. (Haddock and South 1994, p. 226)

These principles were first set out in 1976 and were not imposed from the top, but were a codification of already accepted behaviour. The principles are revised from time to time and one of the challenging tasks for the central HR function was to

introduce a code of practice relating to drugs and alcohol, which took considerable discussion and consultation before agreement could be reached.

Individuals encounter moral dilemmas frequently in their working lives and are likely to find them very difficult. In carrying out research a few years ago about performance appraisal practice in a large building society, it was possible to see the rise in sickness absence at the time of the annual appraisal discussion, and this was most marked among appraisers: those who had to pass on bad news. We saw in Chapter 25 that few managers wish to take over responsibility for grievance and discipline from HR people, and making the decision to dismiss someone for almost any reason other than gross misconduct is a most unpopular management task because it seems that the interests of the business are being considered at the expense of the interests of individual employees. At times like this managers are very anxious to find some justifying framework for their actions.

ACTIVITY 31.1

Eric was deaf, mute and suffered from cerebral palsy. He had been unemployable all his adult life, but in his late twenties he started to follow round the local authority refuse collectors emptying dustbins. As the lorry reached the end of a street, Eric would go ahead of it and drag dustbins out from behind the houses to the front. His handicap made it a very slow and painful process, but it was something he could do and he worked until he dropped with exhaustion. This completely unofficial arrangement was accepted by the refuse collectors as they were able to complete their rounds quicker and they were on an incentive payment arrangement and Eric's participation enabled them to complete their rounds in slightly less time. At the end of the week they had a collection and gave Eric a few pounds. This transformed his life, as he had a purpose and had some mates.

1 Do you feel that Eric was being exploited by the refuse collectors?
   Local authority officials heard about what Eric was doing and said it had to stop.

2 Why do you think they made this decision? Do you agree with it?
   A personnel manager in the neighbourhood heard about Eric and arranged for him to be taught to operate a sewing machine. He was then employed in the personnel manager's factory to maintain and repair all the overalls: a straightforward job carried out skilfully and conscientiously.

3 Do you feel that Eric was being exploited by the personnel manager?

4 As Eric was able to draw invalidity benefit, do you feel that the job should have been offered first to someone who was able-bodied? In the following three years investigations twice demonstrated that the overalls could be repaired cheaper by subcontracting the work to another company, but that decision was not taken. Eric carried on as an employee.

5 Why do you think they did not make that decision? Do you agree with it?

Codes of ethics

By the early 1990s one-third of leading British companies had a written code of ethics, which was nearly double the number in 1987. The key issue with ethical codes is the extent to which they are supported by the people to whom they apply. They are not rules that can be enforced by penalties for non-compliance. It is necessary that they are understood, appreciated and willingly honoured by the great majority of those who are affected. There will then be considerable social pressure on the few who do not wish to comply. Imposing ethics is very tricky. While examining equal opportunities some years ago, researchers found an interesting situation in an American computer company with a rapidly growing British subsidiary. The company had a high-profile commitment to 'positive action to seek out and employ members of disadvantaged groups'. This was reinforced in the annual appraisal system for managers, who had to indicate what they had done in the last 12 months to implement a 'programme of employment and development for minorities'. The company annual report made a claim that this initiative was advancing at all international locations. In Britain, however, it was found in practice that:

> Without exception, all managers to whom we spoke ignored that part of their appraisal . . . They put a line through the offending clause and wrote 'not applicable in the UK' . . . despite the corporate objective of 'citizenship', applicable in the UK, requiring recruitment officers to seek out the disadvantaged in the community . . . Suggestions by the researchers that such an active recruitment policy was an obligation on the part of management . . . invoked the reaction, 'we're not a welfare organisation'. (Torrington, Hitner and Knights 1982, p. 23)

ETHICS AND HUMAN RESOURCE MANAGEMENT

Criticisms of the HRM approach to ethics

Some academics have criticised HR managers for management failures in the employment field and derided them as powerless because of their inability to carry out 'simple' tasks such as introducing genuine equality of opportunity and humanising the workplace. Forty years ago Flanders criticised them, and their managerial colleagues, for getting the balance wrong between who did what in management:

> Confusion over the role of personnel management can produce a compromise that gets the worst of all worlds. In major areas of industrial relations policy – such as employment, negotiations, communications and training – line management may shed all the details of administration, while retaining ultimate authority and an illusion of responsibility. (Flanders 1964, p. 254)

The most vigorous denunciation of personnel people for not putting the world to rights has been from Tim Hart (1993) with his onslaught on HRM, which had three points of criticism:

1 HRM is amoral and anti-social because it has moved away from the principles of the famous social philanthropists who realised that the standard economic paradigm of labour utility needed to be tempered with social and religious values. HRM ignores the pluralistic nature of work organisations and personnel managers have abandoned their welfare origins.

2 Personnel managers, aided and abetted by the Institute of Personnel Management, have lost their claim to independent professional standing, as HRM is a managerial rather than professional approach, producing a purely reactive response to situations.

3 HRM is ecologically destructive because it consolidates an exploitative relationship between people at work which is then reproduced in our approach to relationships in the wider society and with our environment.

Other management specialists do not receive these criticisms, either because their activities are more limited in their social implications or because their academic commentators are more interested in the technical than the social aspects of what they are doing.

HR interest in ethics

The 'welfare' concept

HR people have long held a strong interest in ethics, although it was usually caricatured as welfare. Some of the academic critics argue that personnel managers should remain aloof from the management hurly-burly so that 'professional values will be paramount and prevail over other interests' (Hart 1993, p. 30). The problem with that simplistic argument is that HR people do not have a separate professional existence from the management of which they are a part. HRM is a management activity or it is nothing. The company doctor and the company legal adviser are bound by codes of professional ethics different from those of managers, but they are employed

for their specialist, technical expertise and they are members of long-established, powerful professional groupings with their own normal places of work. When they leave their surgeries or their courtrooms to align themselves with managers in companies, they are in a specialised role. They can maintain a non-managerial, professional detachment, giving advice that is highly regarded, even when it is highly unpopular. Furthermore they advise; they do not decide. For instance, any dismissal on the grounds of ill health is a management decision and not a medical decision, no matter how explicit and uncompromising the medical advice may be.

HR specialists do not have separate places and conventions of work which they leave in order to advise managements. They are employed in no other capacity than to participate closely in the *management* process of the business. They do not even have the limited degree of independence that company accountants have, as their activities are not subject to external audit, and it is ludicrous to expect of them a fully-fledged independent, professional stance, although there is a move in that direction since the professional body became chartered. The chartered personnel practitioner can only retain that particular cachet after regular reassessment of professional competence.

The change in general management orientation during the 1980s and 1990s towards the idea of leaner and fitter, flexible organisations, downsizing, delayering, outplacement and all the other ideas that eventually lead to fewer people in jobs and fewer still with any sort of employment security have usually been implemented by personnel people. HR and personnel managers cannot behave like Banquo's ghost and be silently disapproving of their colleagues' actions. What they can do is to argue vigorously in favour of what they see as the best combination of efficiency and justice, but they can only argue vigorously if they are present when decisions are made. If they are not generally 'on side', they do not participate in the decision making and they probably do not keep their jobs. Either they are a part of management, valued by their colleagues, despite their funny ideas, or they are powerless. There are no ivory towers for them to occupy, and no more employment security for them than for any other member of the business.

The 'deviant innovator'

In the different era of the 1970s Legge (1978) propounded her formulation of the conformist and deviant innovator as alternative strategies for the personnel manager to pursue. The conventions of employment security then, especially those of managers, were such that personnel specialists could perhaps pursue a deviant path with impunity. Now it is more difficult:

> The 'deviant innovator' bolt hole based on a plea to consider the merits of social values and to ponder the value of an independent 'professional stance' appeared to be offering a less secure refuge. (Storey 1992, p. 275)

They can still take such an approach, if they are valued by their managerial colleagues for the wholeness of their contribution, and if they accept the fact that they will often lose the argument: they cannot do it by masquerading as an unrepresentative shop steward. They have no monopoly of either wisdom or righteousness, and

other members of the management team are just as likely as they are to be concerned about social values.

Lob enrichment and humanising the workplace

HR managers have not abandoned their interest in welfare; they have moved away from an approach to welfare that was trivial, anachronistic and paternalist. In the HR vocabulary the term 'welfare' is code for middle-class do-gooders placing flowers in the works canteen. Personnel managers increasingly shun the traditional approach to welfare not for its softness, but because it is ineffectual. It steers clear of the work that people are doing and concentrates on the surroundings in which the work is carried out. It does not satisfy the HR obsession with getting progress in the employment of people, and it certainly does not do enough to satisfy the people who are employed. In many undertakings HR specialists are taking their management colleagues along with them in an enthusiastic and convinced attempt to give jobs more meaning and to humanise the workplace. Their reasoning is that the business can only maintain its competitive edge if the people who work there are committed to its success, and that commitment is volitional: you need hearts and minds as well as hands and muscle. Investment in training and the dismantling of elaborate, alienating organisation structures do more for employee well-being than paternalistic welfare programmes ever did.

WINDOW ON PRACTICE

The CIPD Code

The CIPD Code of Professional Conduct (IPD 1996) identifies seven areas in which its members must respect standards of conduct:

Accuracy. They must maintain high standards of accuracy in the information and advice they provide to employers and employees.

Confidentiality. They must respect the employer's legitimate needs for confidentiality and ensure that all personnel information (including information about current, past and prospective employees) remains private.

Counselling. With the relevant skills, they must be prepared to act as counsellors to individual employees, pensioners and dependants or to refer them, where appropriate, to other professionals or helping agencies.

Developing others. They must encourage self-development and seek to achieve the fullest possible development of employees in the service of present or future organisation needs.

Equal opportunities. They must promote fair, non-discriminatory employment practices.

Fair dealing. They must maintain fair and reasonable standards in their treatment of individuals.

Self-development. They must seek continuously to improve their performance and update their skills and knowledge.

ETHICS ACROSS NATIONAL BOUNDARIES

The international dimension of the social responsibility question has still to be developed. Logging operations in South America are ravaging the rainforests, which are essential to life continuing on the planet. Error, or neglect, in the management of manufacturing processes can produce a tragedy like that of Bhopal in India, Chernobyl in Ukraine or the various discharges of crude oil that have occurred all over the world. We have already referred to the concern about values in Shell, yet this business suffered serious difficulties about its plans for the disposal of the Brent Spar oil rig. Since the first formal warning by the American Surgeon General about the risks of smoking, tobacco consumption has been falling in Western countries, so the tobacco companies have increased their marketing in less developed countries.

Ethical standards vary. The Recruit affair was a major Japanese scandal involving allegations of corruption among the country's most senior politicians. In the aftermath there was much American criticism of Japanese business practices and a flurry of righteous indignation in Western newspapers about the need to use 'slush funds' in various countries to obtain business. Becker and Fritzsche (1987) carried out a study of different ethical perceptions between American, French and German executives. Thirty-nine per cent of the Americans said that paying money for business favours was unethical. Only 12 per cent of the French and none of the Germans agreed. In the United States Japanese companies have been accused of avoiding the employment of ethnic minority groups by the careful location of their factories (Cole and Deskins 1988, pp. 17–19). On the other hand, Japanese standards on employee health and safety are as high as anywhere in the world (Wokutch 1990). In Southeast Asia the contrast in prosperity between countries such as Malaysia and Singapore on the one hand and Indonesia and the Philippines on the other means that there are ethical questions about the employment of illegal immigrants that are superficially similar to those applying to Cubans and Mexicans in the United States, but which do not occur in other parts of the world. There are very low wages and long working hours in China, and in Europe, Britain initially refused to accept the social chapter of the Maastricht Treaty harmonising employment conditions across the European Union.

The disparate nature of ethical standards between countries will be one of the key HR issues to be addressed in the future. There will gradually be a growing together of national practice on working hours, but it will take much longer for rates of pay to harmonise. One can visualise common standards on health and safety developing much quicker than equality of opportunity between the sexes and across ethnic divisions.

It seems that games are played between governments and multinational companies:

> Corporations in the international arena . . . have no real desire to seek international rules and regulations . . . that would erode the differential competitive advantage which accrues as a consequence of astute locational decisions. Indeed the strategies are centred on endless negotiations, or the ability to play off the offer from one nation against that of another . . . Examples of this strategy can be found in the recent negotiations over CFC restrictions, ozone depletion and the preservation of the Amazon rain forest. (McGowan and Mahon 1992, p. 172)

SOME CURRENT AND DEVELOPING ETHICAL DILEMMAS

We conclude this chapter by suggesting some of the less obvious ethical dilemmas for those in management positions. Issues such as the environment and equalising opportunity are extensively discussed, but there are others that receive less attention.

Life in the business

What sort of quality does working life have and what sort of quality will it have in the future? Twenty years ago there was a team of experts employed at government expense in a Quality of Working Life Unit. Their task was to suggest ways in which that quality could be improved, mainly through job redesign initiatives. Since then the general belief is that quality of working life has declined, partly through over-work and partly through fear of losing employment. At the beginning of the twenty-first century workplace stress is one of the most common causes of absence and the place of work is an arena where newspapers would have us believe that harassment, poor supervision and bullying are rife, to say nothing of problems with passive smoking.

> Few people go off to work these days with a song in their hearts . . . many people dread each day because they have to work in places where they feel abused and powerless. What is happening to us? Why are talented, productive people being thwarted and sabotaged? Why do we treat each other so badly? Why are tyrannical bosses tolerated? Does the bottom line really justify the hurt and frustration we experience? (Wright and Smye 1996, p. 3)

As we saw at the beginning of this book, we now lack the comfortable feelings of security that the employing organisation used to provide. Whether people really are more or less secure in their jobs is debatable, but there is no doubt that they *feel* less secure. Furthermore, delayering and downsizing to become leaner and fitter has mainly affected people in middle-range posts, who used to be the most secure and who valued their security most highly.

As the gradual shift in organisation from entity to process continues we shall have to find ways that make work less stressful and more satisfying, despite the absence of certain of its traditionally most attractive features: security and community.

Information technology and the workplace

We have plenty of predictions of what the computer, the internet and the micro-processor can do and what will then logically happen: manufacturing will progressively be taken over by robots, rapid transfer and manipulation of data, the paperless office, people working from home instead of coming into a centre, and so forth: the golden age of the post-industrial society and the information super-highway. The ethical dilemma is to wonder what will be done to make up for what the computer will take from us: the conviviality and communal feeling of organisational life.

Managers have long had the opportunity to spend more of their time, and make more of their decisions, by rational planning and operational research methods than in fact they do. The strange thing is that there continues to be a preference among managers in general and HR managers in particular to spend their time talking with people and to make their decisions as a result of discussion and shrewd judgement. Will managers now begin to eschew face-to-face discussion in favour of face-to-terminal decision making, or will they continue to confer and keep busy while others feed to them an ever-increasing flow of processed information requiring interpretation, evaluation and further discussion? Research findings suggest that managers work the way they do at least partly because they like it that way.

> The manager actually seems to prefer brevity and interruption in his work. Superficiality is an occupational hazard of the manager's job. Very current information (gossip, hearsay, speculation) is favoured; routine reports are not. The manager clearly favours the . . . verbal media, spending most of his time in verbal contact. (Mintzberg 1973, pp. 51–2)

The date and male gender of that quotation may be significant. Most of the studies of managerial work have been of men and of men and women working in a male-dominated culture. It may be that the increasing proportion of managerial jobs done by women will alter the stereotype. The women authors of *Corporate Abuse* are quite clear about the need to care for souls:

> Studies of work flow suggest there is five times more opportunity to experience joy in the workplace on a daily basis than in the home environment if it is a workplace that is in tune with the needs of the soul . . . Once we have a community of fully nurtured souls, the possibility of creativity is limitless. Everyone in the workforce will be tapped into his or her own power source as well as being part of a larger community of effort and partnership. (Wright and Smye 1996, pp. 248–9)

This rings strangely in management ears, but maybe this is the way to rediscover the sense of community that employing organisations used to provide.

How great will the influence of the computer on HRM work actually become? How will we make up for what the computer takes away? If there is a general tendency for people to work at home, taking their terminal with them, how popular will that turn out to be? It is over a century since the household ceased to be the central productive unit and the men, and later the women, began to spend a large part of their waking hours at a different social centre: the factory, shop or office – the organisational entity. To be housebound has become a blight. We can see how it used to be:

> In 1810 the common productive unit in New England was still the rural household. Processing and preserving of food, candlemaking, soap-making, spinning, weaving, shoemaking, quilting, rug-making, the keeping of small animals and gardens, all took place on domestic premises.
>
> Although money income might be obtained by the household through the sale of produce, and additional money be earned through occasional wages to its members, the United States household was overwhelmingly self-sufficient . . . Women were as active in the creation of domestic self-sufficiency as were men. (Illich 1981, pp. 111–12)

Since that time we have dismantled, or allowed to wither, all the social mechanisms that supported that self-sufficiency, and developed instead the social institution of the workplace as the arena for many of our human needs, such as affiliation, interaction, teamworking and competition. It really seems most unlikely that the move away from working in the household will be reversed. In every country of the world roads and railways are jammed with people at the beginning and end of the day going to work or returning, despite the tendency for the organisational entity to decline.

The World Wide Web may not turn everyone into a homeworker, but it is still having a significant impact. There is the slightly isolating nature of the work that computerisation produces. The individual employee is not one of many in a crowded workshop, but one of a few scattered around a mass of busy machines. The clerical employee spends more time gazing at a computer terminal and less talking to colleagues. What employee behaviour will this engender and what attitudes will be associated with that behaviour?

WINDOW ON PRACTICE

Susan is not a high-flier, but an extremely competent and conscientious PA/secretary who is happy to work part-time so as to maintain an active family role. She explains what she has progressively 'lost':

> When I started I worked for one boss. He was a bit of a pain at times, but I got very involved, partly because he was so disorganised. He relied on me and I could follow all the ups and downs of his office politics. There was good camaraderie with other secretaries, who really ran the place. Not at all PC, but interesting and worthwhile. Nowadays there is more concentration on just doing the basic job of setting out letters and endless hours staring at that bloody screen. I feel more and more isolated.

As more people become able to use the computer there is a net loss of jobs. This has been seen in its most dramatic form in the publishing of newspapers, where typesetting has been eliminated through journalists typing their copy directly at a computer terminal.

The central ethical dilemma seems to be that we are allowing information technology gradually to take away the social institution of the organisation on which we have become so dependent. How will this scenario unfold?

ACTIVITY 31.2

What difference has the computer made to your working life so far? What further effect do you expect it to have in the next five years? How readily would you be (or are you) a homeworker?

Employment

If employing organisations are not to provide the security of a job for life, how will people find employment, both as a way of earning their livelihood and as a means of finding their place in society? There has been much brave talk of people managing their own careers and concentrating on ensuring their continuing employability. Charles Handy enunciated his concept of portfolio living, whereby people put together a portfolio of different activities so that they could control their own lives without becoming dependent on a single employer. This is fine for the able, well educated and independently minded, but human society has not evolved to the point where that description fits everyone; it probably fits only a minority.

There have always been large proportions of any society who were dependent. The golden age of Ancient Greece was based on slavery, as was the earlier Pharoanic period in Egypt. The lord of the manor had his tenants, mass production required masses of people and the world has always required large numbers for their armies. Not only were there dependent people, but society depended on them. We are now moving into this strange new world where there seems to be no place for that large proportion of the population.

It is unrealistic to expect every middle-aged redundant unskilled operative or every school-leaver without GCSEs to develop their own flexible employability. They need someone or something to provide them with the opportunity to work. Current economic wisdom is that jobs can only come through the activity of the market. This is one of the common political debating points: where are the jobs going to come from? Surely, however, it is one of the salient questions for human resource management. If personnel managers have social responsibility, how will *they* improve job prospects in the economy?

Self-improvement

For a long time we have lived with inflation that was, in many ways, the engine of growth. Not only did we spend in order to avoid higher prices next month, but we always felt we were making progress when our take-home pay kept going up. Rationally we know that we were not necessarily doing better at all, but it vaguely *felt* as if we were. Recently the level of inflation has been so firmly controlled that we no longer have that spurious feeling of making progress, as cost-of-living adjustments either do not exist or seem so small.

Without the mirage of progress provided by inflation, people need to have a more genuine sense of being able to do better. We have already considered the advantages and drawbacks of relating pay to performance, which is the main way in which it has

been possible recently to see an improvement in one's material circumstances, but this really pays off only for a minority.

Delayering has taken out another yardstick of progress, as the scope for promotion is much reduced. This may reduce costs and may replace the phoney improvement of promotion by the possibility of real improvement through finding new opportunities, but we should remember that the business that is 'lean and mean' feels very mean indeed to the people who are inside it.

A nice HR challenge is to develop novel aspects of corporate culture that will recognise achievement and give a sense of progress for all those who seek it, without generating envy:

> Conspicuous privilege, ostentation, and other forms of behaviour, even when not necessarily wrong, typically provoke envy. Unusually large salaries or bonuses, even if justified by competition in a free and open market, may offer demagogues fertile ground on which to scatter the seeds of envy. It is wise to take precautions against these eventualities. (Novak 1996, p. 144)

Personal (note: not personnel) management

One ethical challenge in HRM is to ensure that the processes of management are seen to be carried out by people who can be seen, talked to, argued with and persuaded.

While it is clearly important for managers to avoid an overpreoccupation with procedural trivia, which reinforces the status quo and inhibits change, management is not all about strategy, and HRM has only a modest strategic element. It is the operational or technical aspects that require the skill and confer the status. Is there anything harder for a manager to do well than carry out a successful appraisal interview? Are there many more important jobs to be done than *explaining* strategy, or making the absolutely right appointment of someone to a key role? This is operational management for HR specialists, yet so often we find that they have retreated to the strategy bunker to think great thoughts and discuss the shape of the world with like-minded people consuming endless cups of coffee, while the appraisal and the selection and the communication is left to 'the line'.

There used to be a management approach knows as MBWA, or management by walking about. This exhorted managers to get out of their offices and walk about to see what was going on and to be available. We have already referred in this chapter to the apparent preference among managers to spend their time in face-to-face discussion rather than in solitary activities. The trouble is that more and more of their contacts are with other managers rather than with people in the front line.

We suggest that it is important to maintain the work of HR as largely 'a contact sport', dealing face to face with people in all sorts of jobs in all parts of the business, so that, although the business employs the HR manager, there is an agent of that employing business with whom that manager can reason and debate.

Future HR managers will need a shrewd strategic sense and a set of operational managerial skills. They will also need an ethical sense, able to set management action in its context, understanding the implications for the enterprise, for each person and for the community at large. Many aspects of management work can be developed into a science: successful HRM is an art.

WINDOW ON PRACTICE

There has recently developed an interest in corporate social responsibility or CSR. Reviewing this development Stefan Stern (2004) made the following comment:

> CSR is bound to fail in companies where it is adopted simply for reasons of public relations . . . It may be successful in changing attitudes to your company in the short term, but if your activities are morally dubious they will eventually be exposed. CSR, if it is to mean anything, it cannot be a bolted-on attitude or a departmental annexe . . . It is not about 'putting something back' – it is about how you make your money in the first place. (. . . In any case, if you really feel the need to 'put something back', doesn't that suggest you have taken too much already?) (Stern, 2004, p. 35)

SUMMARY PROPOSITIONS

31.1 In the business context, ethics are part of the corporate culture that sets norms of behaviour by which people in the business will abide because they have some moral authority as well as being convenient.

31.2 Ethical standards vary been different national cultures, making international standards difficult.

31.3 Ethical codes are only valid if they are appreciated and willingly implemented by the great majority of those to whom they apply.

31.4 Personnel management has always had a strong ethical dimension, although personnel managers and the practice of HRM are regularly criticised for failure in social responsibility.

31.5 The CIPD has a code for its members, setting standards of conduct in accuracy, confidentiality, counselling, developing others, equal opportunities, fair dealing and self-development.

31.6 Among current and developing ethical dilemmas are the quality of life in the business, information technology in the workplace, employment, self-improvement and personal management.

GENERAL DISCUSSION TOPICS

1 The chapter opens by explaining that personnel managers for years played down their ethical/welfare role. Why do you think this was?

2 To what extent do you regard Tim Hart's criticisms as valid?

3 What examples can members of the group produce that would put you in the position of feeling that the demands of your job were in conflict with what you regarded as being right?

How would you deal with this and how do the Milgram experiments on obedience explain, or fail to explain, your actions?

4 Most people agree that differences in rates of pay according to value or effort are justified, but that some differences are 'obscene'. What criteria would you suggest for setting pay differentials within a business that both are seen as fair and are effective in being able to attract and retain appropriate people from the labour market?

FURTHER READING

Fisher, C. and Lovell, A. (2003) *Business Ethics and Values*. Harlow: Prentice Hall

McEwan, T. (2001) *Managing Values and Beliefs in Organisations*. Harlow: Prentice Hall
Both of these books provide useful reviews of ethical issues for managers in general. Both are up to date and have sections of particular interest to HRM people.

People Management (2003), 10 July
This issue of the journal is dedicated to examining corporate social responsibility.

Redman, T. and Wilkinson, A. (2001) *Contemporary Human Resource Management*. Harlow: Prentice Hall
There is an excellent chapter on employment ethics by Peter Ackers in this volume.

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An extensive range of additional materials, including multiple choice questions, answers to questions and links to useful websites can be found on the Human Resource Management Companion Website at **www.pearsoned.co.uk/torrington.**