



Organisational Ethics and HR Decision-Making: Impact of 'Best Practices' of Ethics Education and Training

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Abstract

The study is based on the responses of HR professionals of 313 large scale industries of Karnataka. This paper is the part of the research done by the researcher. HR decision-making is not easy in organisations when the matter is based on ethical dilemma. Different variables like organisational and individual characteristics, culture and climate, ethics education and training etc. have to be considered for effective decision-making. This paper highlights the importance of 'best practices' of ethics education and training in the organisations for the better decision-making in the situations of ethical dilemma.

Keywords: Organisational ethics, HR decision-making, Content- and context-specific ethics education training practices.

Introduction

Human resource management is the most important branch of general management. Human beings are most important in all the spheres of organisation in this era of globalisation where there is huge competition to survive in the market. In order to succeed, there is a need for the organisations to have sound and uniform decision-making policies based on values, beliefs and ethics, which are able to tackle all the issues of ethical dilemmas.

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The central purpose of this study is to find out the impact of 'best practices' of ethics education and training on organisational ethics and HR decision-making. This study is the part of survey based, quantitative-empirical research study, which was done by the researcher to examine and report on the key issues, dimensions and determinants of employing different levels (low, moderate, high) of organisational ethics in human resource (HR) decision-making by HR/HRD practitioners in selected industrial organisations in Karnataka.

Conceptual Framework

Human Resource Management

HRM is the process of planning, organising, directing and controlling of the procurement, development, compensation, maintenance, integration and separation of the human resources to the end that individual, organisational and societal objectives are effectively and efficiently accomplished. Storey (2007) believes HRM 'seeks to achieve a competitive advantage through the strategic deployment of a highly committed and capable workforce using an array of cultural, structural and personnel techniques'.

Organisational Ethics

The word ethics is derived from the Greek ethos, which refers specifically to the 'character' and 'sentiment of the community'. Given many overlapping perspectives about ethics, one will use the commonly accepted definition of ethics as "rules or standards that govern behaviours" (Toffler, 1986).

Organisational ethics are the standards that address human behaviour, promoted and adhered to by organisations and businesses (Fletcher, 2015).

Ethical Dilemmas

Ethical dilemmas, also known as moral dilemmas, are situations in which there are two choices to be made, neither of which resolves the situation in an ethically acceptable fashion. In such cases, societal and personal ethical guidelines can provide no satisfactory outcome for the chooser.

The Resolution of Ethical Problems

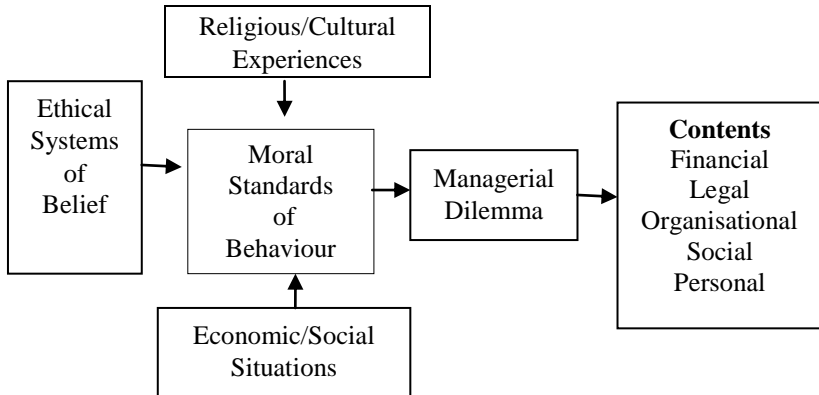


Fig 1: Conceptual Framework of Ethical Analysis in Human Resource Management Decision (Hosmer, 1987)

Ethical problem which involves both benefits and harms for different groups is normally called a dilemma for there is no obvious “right” answers. Ethical analysis is based on religious or cultural experiences of decision makers, ethical systems of belief of the HR managers or the organisations, economic and social situations for which the individual belongs, and the moral standards of behaviour of the HR managers, which ultimately will lead into managerial dilemma.

Ethical analysis starts with the calculation of the content of the dilemma, divided into five different classifications: financial, legal, organisational, social and personal, to know the benefits and harms associated with the different courses of action. The content of an ethical dilemma is to be examined, and the impact of alternative actions will have to be recognised economically, legally, organisationally, socially, and personally, then it has to be decided.

H R Decision-making

Decision-making is the process of reasoning before behaviour, or of weighing the pros and cons or the goodness or badness of various alternatives with which an individual is faced before making judgments or choices. As a rule, decision-making is the method used by an organisation to collect, store, analyse, report, and evaluate information and data on people, jobs, and costs. Consequently, decision-making processes are found at all levels of an organisation: from executive planning and strategy formulation through to the day-to-day decisions of frontline employees. Actions are driven by what an organisation's culture teaches members to think, feel and perceive about the problems an organisation faces (Schein, 2004).

Ethics Education and Training Practices

There is added pressure for the employees to achieve ambitious performance goals while also addressing more complex ethical issues with the increasingly fierce global competition and the economic demands of time. Ensuring that employees understand the rules and apply ethical practices in the everyday workplace routines is a must for those responsible for organisational ethics education and training. It is important that organisations not only develop and communicate the ethical standards, but also disseminate the information throughout the organisational structure and be certain that it is fully understood by employees at every level (Palmer & Zakhem, 2001).

In the extant research, one would come across two broad categories of 'best practices' in ethical education and training: content-specific and context-specific practices. 'Content' describes the type of material and delivery form utilised and 'context' describes the application of content and to communicate, assess and measure ethics, in the organisation. For example, under 'content' is the theme of situations and scenarios, which consisted of several best practices items such as:

- 'uses ethical challenges or cases actually faced in the organisations as the focus of training' and
- 'solicits employees to submit areas of concern, key issues, stories or ideas to use in training'.

- Under 'context' is the theme of ethical risk assessment, which consisted of several best practice items such as:
- 'conducts formal risk assessments to identify areas of ethical risk', and
- 'line managers have specific responsibility for managing areas of ethical risk'.

Those responsible for ethics training believe that the organisational context must support the programme content, but there is much room for development (Sekerka, 2009).

Objectives

The central purpose of this paper is to examine and report the impact of 'best practices' of ethics education and training on organisational ethics and HR decision-making.

1. To analyse and report the effect of presence of formalised ethics training programme on organisational ethics and HR decision-making.
2. To identify and discuss major content and context specific issues of ethics education and training in practising sound organisational ethics in HR decision-making as perceived and reported by the respondents; and
3. to highlight the specific trends and status in organisational ethics education and training (E & T) practices and their perceived importance;
4. to raise major implications for ethics education and training and organisational ethics and HR decision-making based on the key findings, inferences and conclusions of this survey-based empirical research study.

Hypothesis

- There exists a positive and significant correlation between the presence of formalised ethics training programme and organisational ethics in HR decision-making.
- HR professionals employed in organisations with formalised ethics training tend to have more positive

perceptions of ethics in organisational ethics in HR decision-making than do those working for firms without such training.

- Organisational ethics education and training (content-specific practices) and organisational ethics in HR decision-making are positively and significantly correlated.
- Organisational ethics education and training (context-specific practices) and organisational ethics in HR decision-making are positively and significantly correlated.
- Organisational ethics education and training (content- and context-specific practices) has a significant impact on organisational ethics in HR decision-making.

Methodology

This quantitative-empirical survey-based research study is descriptive in nature. This thesis is mainly developed based on the primary data and information collected through a sample survey of large scale respondent industrial units (313) in Karnataka. However, secondary sources of data and information such as books, periodicals, reports and websites were consulted for understanding the relevant concepts, theoretical perspectives and previous research studies conducted in the current field of investigation.

The field survey data and information were processed and analysed by using SPSS version 16. In addition to descriptive statistics such as percentages, mean and standard deviation, inferential statistical tools Pearson's Product-Moment Correlation Coefficients and Step-wise Hierarchical Regression are also considered for the purpose of analysing and interpreting the field survey data.

Results and Discussion

It is pertinent to examine the role and relevance of 'ethics education and training' in influencing the pattern of using sound organisational ethics while taking HR decisions. Keeping this objective in focus, this study highlighted formal corporate ethics programmes, key drivers of such programmes; the presence of content- and context-specific ethics education and training practices

and the desired adoption of these practices (if they are not currently existing).

Formal Corporate Ethics Programme

The present study is concerned about the factors influencing the formal efforts of the HR officers in the organisations to manage employees ethical conduct. Formal corporate ethical programmes typically include some or all the following elements: (1) formal ethics codes, which articulate a firm's expectations regarding ethics, (2) ethics committees charged with developing ethics policies, evaluating company or employee actions, and/or investigating and adjudicating policy violations, (3) ethics communication systems (e.g., telephone lines) providing a means for employees to report abuses or obtain guidance, (4) ethics officers or ombudspersons charged with coordinating policies, providing ethics education, or investigating allegations, (5) ethics training programmes, aimed at helping employees to recognise and respond to ethical issues, and (6) disciplinary processes to address unethical behaviour. Previous survey research has only reported on the numbers of companies engaging in these activities, without developing constructs that might help explain what these activities represent and the roles they play within companies (Berenbeim, 1992; Centre for Business Ethics, 1992)

As shown in table 1, with regard to the 'formal corporate ethics programme' in respondent organisations, 79.6 per cent follow formal ethics codes, a little over 68 per cent were identified to follow ethics committees, and 46.6 per cent reported following ethics communication systems (e.g., telephone lines). The other prominent formal ethics programmes included: ethics officers/ombudspersons (28.1%), ethics disciplinary processes (22%) and ethics committees (16.3%) - in that order. In summary, as the multiple response rates is 2.6, most of the organisations followed formal ethics codes and ethics training programmes than other ethical programmes.

Table 1: Formal Corporate Ethics Programmes

Formal Ethics Programmes	Number	Percentage (N=313)
Formal ethics codes	249	79.6
Ethics committees	51	16.3
Ethics communication systems (e.g., telephone lines)	146	46.6
Ethics officers/ombudspersons	88	28.1
Ethics training programmes	214	68.4
Ethics disciplinary processes	69	22.0

Source: Based on field survey data.

Notes: 1) Total percentage will not add up to 100 due to multiple responses.

2) Multiple response rate (MRR) = 2.6.

Key Drivers of Formal Ethics Programmes

With regard to the ‘key drivers of formal ethics programmes’, as shown in table 2, in respondent organisations, top management commitment showed 82.7 per cent, media attention reported a little over 65 per cent, and governmental pressures reported 54 per cent –in that order. The least prominence was given to business standard setters (e.g., business press, professional associations). In general, as the multiple responses rate is 2.4, it could be inferred that, top management commitment and media attention were the two key drivers of formal ethics programmes in most of the organisations.

Table 2: Key Drivers of Formal Ethics Programmes

Key Drivers	Number	Percentage (N=313)
Governmental pressures	169	54.0
Media attention	204	65.2
Business standard setters (e.g., business press, Professional associations)	121	38.7
Top management commitment	259	82.7

Source: Based on field survey data.

Notes: 1) Total percentage will not add up to 100 due to multiple responses.

2) Multiple response rate (MRR) = 2.4.

Ethics Education and Training: Content-Specific Practices

The content-specific practices pertaining to ethics education and training in respondent organisations include seven key dimensions such as (i) core issues, (ii) specific and explicit behaviour, (iii) target audience, (iv) focus on learning styles, (v) situation and scenarios, (vi) ongoing, reflection, practice and dialogue, and (vii) delivery form.

The context-specific practices relating to ethics education and training consists of seven principal dimensions such as (i) raising questions and promoting awareness, (ii) commitment to the code, (iii) programme effectiveness, (iv) ethical risk assessment, (v) link ethics with performance, (vi) ongoing communications, and (vii) actions of the board.

It is pertinent and interesting to examine the various factors influencing the adoption of higher standards of organisational ethics in HR decision-making. Presumably, along with presence of sound formal ethics programmes, individual and organisational characteristics of the HR professionals and the type of ethical culture and climate in the workplace have a decisive role to play in adopting exemplary ethical standards in decision-making by HR professionals.

The scale of 'OE education and training (E&T): content-specific practices' had seven sub-scales with a total number of 40 items. The responses to each item were elicited in a Likert's 3-point response format for perceived 'presence' of practice (no = 0, limited = 0.25, yes = 1) and 5-point response format for perceived value/importance of each practice item ('not at all important' = 1... 'extremely important' = 5).

As indicated in table 3, the mean values for the perceived 'presence' of each E & T practice varied between 0.30 (focus on learning styles) and 0.45 (specific and explicit behaviours; ongoing reflection, practice and dialogue). Similarly, the mean values of perceived value/importance ranged between 2.90 (focus on learning styles) and 3.34 (specific and explicit behaviours). The overall mean value for 'presence' was 0.37 (overall SD = 2.73) and the overall mean value for 'value/importance' was 3.05 (overall SD = 6.87). From this analysis it follows that respondents perceived

and reported a slightly more than the “limited” presence of content-specific E & T practices in their respective organisations. Furthermore, these respondents seemed to have attached only moderate level of significance or value to these E & T practices.

Table 3: Organisational Ethics Education and Training (E&T): Content-specific Practices

(Summary Table)

Sub-scales	Presence		Value	
	Mean	S.D	Mean	S.D
Core issues (6)	0.36	2.61	2.98	7.71
Specific and explicit behaviours (5)	0.45	2.09	3.34	5.52
Target audience (11)	0.41	3.72	3.16	11.79
Focus on learning styles (4)	0.30	5.42	2.90	5.00
Situations and scenarios (3)	0.32	1.06	3.00	3.65
Ongoing reflection, practice and dialogue (5)	0.45	2.06	3.03	6.28
Delivery form (6)	0.31	2.12	2.95	8.15
Overall	0.37	2.73	3.05	6.87

Source: Based on basic calculations done on field survey data.

Note: (1) Overall mean of this scale: Presence of each item of practice = 0.37, overall S.D = 2.73; degree of value/perceived importance = 3.05, overall S.D = 6.87.

Organisational Ethics E&T: Content-specific Practices (Level, No. of Respondents and Percentage)

Further the researcher made an attempt to do the analysis in respect of the level, number of respondents and the percentages of responses to the perceived ‘presence’ and ‘value’ of OE E & T content-specific practices clearly vindicated the conclusion drawn previously. In conclusion, it could be inferred that by and large, the respondents felt moderate presence of OE E & T content-specific practices (Mean = 2.0, SD = 0.80) and moderate value/importance attached (Mean = 2.0, SD = 0.77).

Organisational Ethics Education and Training (E&T): Context-specific Practices

On the other hand, the scale of OE E & T context-specific practices contained seven sub-scales with a total number of 29 items. As previously stated, the responses to each item were elicited in a Likert’s 3-point response format for perceived ‘presence’ of each item of OE E & T context-specific practice (no = 0, limited = 0.25, yes = 1) and a 5-point response format for perceived value/importance (‘not at all important’ = 1...‘extremely important’ = 5). The mean values for ‘presence’ varied from 0.28 (commitment to the code) to 0.37 (raising questions and promoting awareness; ongoing communications; actions of the board). Similarly, the mean values for ‘value/importance’ ranged between 2.77 (actions of the board) and 3.13 (raising questions and promoting awareness). Based on the overall mean values it could be inferred that the respondents perceived and reported a slightly higher than ‘limited’ presence of OE E & T context-specific practices (overall mean = 0.34, overall SD = 1.50) and attached only moderate level of value/importance to these items of practice (overall mean = 2.9, SD = 5.17) (Table 4).

Table 4: Organisational Ethics Education and Training (E&T): Context-specific Practices

(Summary Table)

Sub-scales	Presence		Value	
	Mean	S.D.	Mean	S.D
Raising questions and promoting awareness (9)	0.37	3.42	3.13	11.62
Commitment to the Code (3)	0.28	0.95	2.86	3.73
Programme effectiveness (4)	0.35	1.39	2.80	4.79
Ethical risk assessment (2)	0.31	0.71	3.11	2.34
Link ethics with performance (3)	0.30	1.07	2.84	3.46
Ongoing communications (4)	0.37	1.42	2.79	5.00
Actions of the board (4)	0.37	1.55	2.77	5.23
Overall	0.34	1.50	2.9	5.17

Source: Based on basic calculations done on field survey data.

Note: (1) Overall mean of this scale: presence = 0.34, overall S.D = 1.50; Value/importance: Overall mean = 2.9, overall S.D = 5.17.

Organisational Ethics E&T: Context-specific Practices (Level, No. of Respondents and Percentage)

As far as the level, number of respondents and the percentage of responses to OE E & T context-specific practices are concerned, the range of scores varied from 0 to 29 for ‘presence’ and from 29 to 145 for ‘value/importance’. Nearly 44 per cent indicated ‘moderate’ value/importance to these context-specific E & T practices. This observation is substantiated by the overall mean values of 1.9 each for ‘presence’ (overall SD = 0.75) and ‘value’ (overall SD = 0.72).

Inter-correlations

As highlighted in table 5, there existed significant positive intercorrelations between organisational ethics in HR decision-making and organisational ethics education and training: content-specific practices ($r = 0.823, p < 0.001$). and organisational ethics education and training: context-specific practices ($r = 0.763, p < 0.01$). Not surprisingly, significant positive correlations were also formed between content and context-specific practices of organisational ethics E&T ($r = 0.687, p < 0.01$).

Table 5: Organisational Ethics and Ethics E & T: Intercorrelations

Variables	1	2	3
Organisational ethics E&T: Content-specific practices	1		
Organisational ethics E&T: Context-specific practices	0.687**	1	
Organisational ethics	0.823*	0.763**	1

Source: Based on basic tables and calculations done on field survey data.

Note: * $p < 0.001$ (two-tailed).

** $p < 0.01$ (two-tailed).

Organisational Ethics in HR Decision-making and Presence of Ethics Training: Inter-correlations

The variable descriptive statistics (mean, SD) were initially explored, and the bivariate relationship among the focal variables was identified with correlation analysis.

HR professionals were also asked to indicate whether their organisations had formalised ‘ethics training’ and the responses were provided with “1” (no) and “2” (yes). The presence of ethics training was an independent fixed factor with a mean value of 1.68 (SD = 0.51).

The ‘organisational ethics in HR decision-making’ construct was dependent variables in the regression model and as clearly highlighted in table 6, ‘organisational ethics in HR decision-making’ (r = 0.81, p < 0.01) was related to the presence of ethics training. These findings provided preliminary support for the hypotheses 1 and 2 and encouraged further examination with multivariate statistical methods.

Table 6: Intercorrelations among Organisational Ethics in HR Decision-making and Presence of Ethics Training

Variables	M	SD	1
Organisational ethics in HR decision-making			
Ethics Training	1.68	0.51	0.81**

Source: Based on calculations of basic tables.

Impact of Organisational Ethics E&T on Organisational Ethics in HR Decision-Making

It is worth noting that organisational ethics education and training: content-specific practices ($\beta = 0.252, p < 0.05$) and organisational ethics E&T: context-specific practices ($\beta = 0.138, p < 0.05$) had 21.1 per cent ($R^2 = 0.211, p < 0.001$) impact on organisational ethics in HR decision-making (Table 9 & 10).

Table 9: Impact of Organisational Ethics E&T on Organisational Ethics in HR Decision-making

Sl. No.	Variables	Unstandardised coefficients		Standardised coefficients	T	Sig.
		B	Std. Error	Beta		
1	Constant	0.481	0.145	0.527	1.814	0.5102
2	Organisational ethics E&T: Content-specific practices	0.331	0.127	0.252	1.612	0.0312
3	Organisational ethics E&T: Context-specific practices	0.159	0.027	0.138	0.147	0.0201

Source: Based on calculations of basic tables.

Table 10: Model Summary

MODEL	R	R ²	Adj. R ²	Std. Error of the Estimate
3	0.459	0.211*	0.198	0.20248

Step-Wise Hierarchical Regression Results

The empirical analysis based on the results of step-wise hierarchical regression models was reported. Seven Models based on different variables like individual and organisational characteristics, organisational culture and climate and organisational ethics education and training are taken for regression.

It is revealed the incremental effect of adding organisational ethics E&T: content-specific practices with β loading of 0.286 ($p < 0.001$) explaining 16.9 per cent ($R^2 = 0.169$, $p < 0.01$) of variance and organisational ethics E&T: context-specific practices item was with

β loading of 0.449 ($p < 0.001$) which explained 21.1 per cent ($R^2 = 0.211$, $p < 0.05$) of variance in the dependent variable.

In the fitness of things, organisational ethics E&T: content-specific practices registered an increase in beta loading ($\beta = 0.396$, $p < 0.01$), but organisational ethics E&T: context-specific practices revealed reduced beta loading ($\beta = 0.424$, $p < 0.001$). From this analysis it follows those organisational ethics E&T practices, especially content-specific practices acted as key facilitators or moderators (intervening variable) to influence the impact on organisational ethics in HR decision-making.

Future Directions

1. Future research can focus on a comparative analysis of organisation ethics in HR decision-making with reference to large vs. small and medium enterprises (SMEs) with a view to examining the role and relevance of differing organisational contexts in influencing the use of sound organisational ethics in HR decision-making.
2. It would be both relevant and interesting to explore the impact of different factors in influencing the adoption of higher levels of organisational ethics in decision-making which may tend to vary as compared to the patterns and directions of decision-making in HR.
3. It would not be out of context to adopt a more inclusive and blended research methodology by including a 'multiple case study research design' in order to capture the 'explanatory power' (why) of broad trends in and status of organisational ethics in HR decision-making obtained only thorough the currently used 'quantitative-empirical survey-based approach'.
4. As a matter of fact, the current research study can be replicated with extension by future researchers in other states in India or other European/American countries to throw fresh light on the cross-national or cross-cultural impact on the adoption of higher levels of organisational ethics in HR decision-making.

5. Finally, future research studies may use other independent/dependent variables to obtain a more comprehensive picture about the use of different levels of organisational ethics in HR decision-making not employed in the current research study.

Conclusion

In summary, HR professionals in the surveyed organisations perceived and reported only moderate level of ethical standards in their decision-making processes. Out of 313 organisations surveyed, only 214 (68.4%) had formal ethics training programme. Furthermore, these HR professionals also reported presence of content-and context-specific 'best practices' in ethics education and training and the perceived importance of these practices only to moderate extent. In addition to this observed trend, a significant majority of the organisations surveyed expressed their desire to adopt some of the 'best practices' in ethics education and training which did not currently exist in their respective organisations. Finally based on the inferential statistics it could be stated in unequivocal terms that presence of formal ethical education and training programmes, increased adoption of 'best practices' in ethical education and training had led to increased chances of using exemplary ethical standards in HR decision-making by the HR professionals. By this all the research objectives are achieved and hypotheses are tested and reported.

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