REVIEW ARTICLE

Ethical Human Resource Practice in Indian Industries: A Better Way!

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Abstract

As long as human remains a part of Human resources title, ethics will be a part of the job of HR professionals. Ethics is integrally related to the contributions of HR because whenever two people exist in a relationship, ethical issues are present. Any decision that has implications for another person has an ethical component. Ethics has to do with what should be done with knowing, what is the right thing to do when the outcome of the decision impacts another individual.

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Man is a social animal. Though rules of nature control the humans as they control the other living beings, the man himself has derived certain principles to govern his own individual and group behavior. These rules, in the form of behavioral standards, may differ across cultures and times but their basic objectives are always mutual existence and peace within the particular community or a social group. These standards of behavior are called "ethics".

Organizations & Ethics

As in any social group, ethics is inevitable in organizations. Research has already shown that ethics does pay. Since unethical practices cost the industries billions of dollars a year and damage the image of corporations, the emphasis on ethical behavior in organizations has increased over the recent years [1]. In 1997, The Financial Times annual survey of Europe's most respected companies identified ethical problems as the key reason for the dramatic drop in shells ranking. The company turned upside down in the aftermath of these unfavorable experiences and

thus started correcting itself in order to achieve a sustainable growth [2]. Similar to Shell, may organizations whose business practices are perceived to be harmful to the consumers (e.g., cigarette), face strong social condemnation. In recent corporate history, the Enron and Andeson as well as Satyam technologies episodes underscore the importance of ethical practices in business.
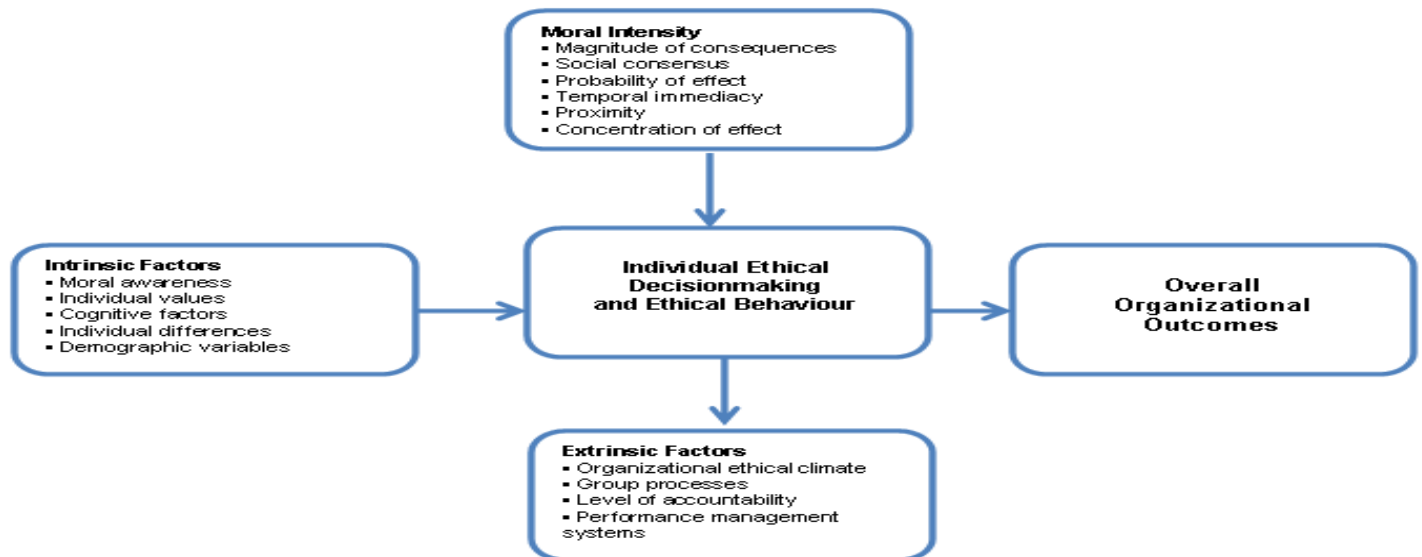
Ethical Decision- Making and Behavior in Organizations: A Contingency Framework

Ethical decisions and behavior of managers are the ones that are both legally and morally acceptable to employees and other stakeholders. Though an ethical decision does not necessarily always lead to ethical behavior, ethical behavior is preceded by an ethical decision-making. The ethical decision-making is influenced by moral reasoning [1] and intentions and stakes of decision-makers.

Moral Intensity

Moral intensity is a characteristic of the moral issue itself. It is a major factor in influencing the ethical awareness, ethical decision-making, and behavior of the employees [3].

Every ethical issue can be represented in terms of its moral intensity-a construct that includes the following:

Fig.1: Ethical decision making & behavior in organizations

Magnitude of Consequences

Magnitude of consequences of the moral issue is the sum of the harms (or benefits) done to the victims (or beneficiaries) of the moral act in question. When moral dilemmas are faced, ethical behavior is more likely to be prompted by serious consequences than by modest consequences.

Social Consensus

Social consensus of the moral issue is the degree of social agreement that a proposed act is evil (or good). It signifies the social agreement over the individuals' behavior as either appropriate or not. A high degree of social consensus reduces the ambiguity while making a choice thus leading to ethical decision making.

Probability of Effect

The probability of effect is a joint function of the probability that the unethical choices will get detected and will actually cause harm (benefit). In countries like India where legal process is complex and time-consuming, the probability of actual harm is significantly reduced in many situations. Consequently, violation of law has been frequent in organizations. However, heightened activity of social groups and media has increased the probability of harm due to unethical choices in the recent past. Consequently, there is an increased concern about ethical choices in organizations.

Temporal Immediacy

Temporal immediacy is the length of time between the present and the onset of consequences of the moral act in question (shorter length of time implies greater immediacy). The increased competition and concern for performance have been driving managers towards short-term orientation. Consequently, managers may go for unethical choices if the positive outcomes of such decisions are significant and quick while the possible negative outcome could take a longer time.

Proximity

Proximity is the feeling of nearness (social, cultural, psychological or physical) that the moral agent has for the victims (beneficiaries) of the evil (beneficial) activities in question. Increased proximity enhances the concern for such people in the managerial decision making. The concern for people in the organization and its stakeholders is found to be higher among managers who are more committed to their profession and the organization (Lee, 2002). The concern for ethical decision-making would thus require the human resource managers to find ways to get managers more committed.

Concentration of Effect

The concentration of effect is an inverse function of the number of people affected by an act of a given magnitude. The issues that affect larger community get the social and other such groups activated. Hence, the managers may ignore the immediate returns in favour of ethics in their decision-making when the concentration of effects is high. The above components of the moral issue are expected to have interactive effects. Moral intensity is expected to increase if there is an increase in any one (or more) of its components. The researchers have demonstrated that

perceived moral intensity influences ethical perceptions and intentions.

Intrinsic Factors

These are the factors that are part of the individual himself.

Moral Awareness

Awareness about an ethical issue is a major step in the decision-making that leads to the ethical choices and behavior. Lack of awareness of the ethical nature of their action can lead to self-interested behavior. Frequently, the consequences of decisions do have ethical implications which may not be immediately obvious. Under such conditions, managerial choices may be driven by considerations other than ethics. Once ethical values have been raised to the level of awareness, they will be a significant force in an individual's decision-making. Awareness is the critical causal antecedent of ethical behavior. Hence, organizations could improve the concern for ethics by increasing moral awareness through interventions such as circulation of code of ethics.

Individual Values

Individual values strongly influence the choices of managers. They manifest themselves as interests and motives and thus determine one's behavior. In an organization, problems arise when the individual values and the organization's ethics differ and contradict each other. The intensity of the problem can vary depending upon how strong the individual's values are and what the consequences of compliance or non-compliance of the organizational standards are. In most cases, individual values have greater influence on the decision-making than the organization's ethical standards. Hence, the improved concern for ethics in decision making requires an alignment of individual values with organizational ethics.

Cognitive Factors

Cognition significantly determines human behavior. Research has extensively studied the impact of cognitive factors like cognitive moral development and perceived self-efficacy on ethical behavior and ethical decision-making. Cognitive moral development is one of the important factors in ethical decision-making [4]. He conceptualized it as a way to describe and explain the ethical decision-making processes of individuals. Cognitive consistency theory suggests that ethical behavior is more consistent with a self-perception of high worth.

Individual Differences

The multiple-influence perspective suggests individual differences as one of the key factors in ethical decision-making and behavior (Trevino, 1986). Among individual differences, achievement orientation is an important variable in ethical decision-making and behavior [5].

Extrinsic Factors

The major organizational variables identified in researches which play a major role in ethical decision-making and behavior are organizational ethical climate, organizational group processes, the level of accountability among the employees, and performance management system. These organizational variables are highly interrelated and exert influence on each other.

Organizational Ethical Climate

This can be defined as the shared perceptions of what ethically correct behavior is and how ethical issues should be handled. It is a mix of formal and informal policies of the organization and the individual ethical values of managers. Ethical climate is a powerful moderating variable for the various relationships between the ethics-related variables. According to Trevino [1] formal corporate ethics programmes are very useful in creating a positive ethical climate in the organization and typically include some or all of the following elements:

- Formal codes of ethics which articulate a firm's expectations regarding ethics
- Ethics committees charged with developing ethics policies, evaluating company or employee actions, and/or investigating and adjudicating policy violations · ethics communication systems providing a means for employees to report the abuses or obtain guidance
- Ethics officers or ombudspersons charged with coordinating policies, providing ethics education, or investigating allegations
- Ethics training programmes aimed at helping the employees to recognize and respond to the ethical issues
- Disciplinary processes to address unethical behavior.

Organizational Group Processes

Group processes that involve the managers and their superiors influence the implementation of code of ethics and decision-making in organizations. In some situations, supervisory influence is found to be highly effective than other

organizational variables. Often, even in the presence of an ethics policy, subordinates do what their supervisors would like rather than adhere to the ethics policy. Group processes that facilitate peers to share ethical concerns in decisions and allow transparency in information instigate ethical decision-making.

Accountability

Accountability refers to defending or justifying one's conduct to an audience that has reward or sanction authority and where rewards and sanctions are perceived to be contingent upon audience evaluation of such conduct. According to them, one way to ensure that employees behave appropriately is for the organization to require that the employees be held accountable for their actions. In an accountability situation, an employee is in a social context and his/her behavior is observed and evaluated by an audience and compared to some standard of expectation [6].

Performance Management System

 Performance management system that is output-oriented instigates short term orientation among managers. Their concern for annual or half-yearly performance owing to its strong linkage with financial and other rewards prompts managers to ignore ethical concerns for achieving output whenever such dilemma is encountered. While managers experience the consequences of output immediately, the consequences of lack of ethics in decision-making are both uncertain and delayed. Hence, the balance between processes, output, and ethical concerns in performance management system is likely to lead to ethical decision-making in organizations.

Overall Organizational Outcomes

 The expectations of a socially responsible behavior and ethical business practices for organizations have been consistently increasing over the last decade. Such behavior is in fact necessary for long-term sustainability. Though ethical practices may not lead to immediate and tangible results, in the long-run, they help to sustain society's goodwill and thus maintain a positive image among its consumers. Organizations will have to restructure themselves, their processes, and socialization mechanism to incorporate ethics in decision-making.

Ethics in India: A SAGA

The challenge for future is not only to understand the direction the ethics field has taken but also regain a seat at the table for one of the most important discussions currently taking place in organization: the standards that will guide business conduct and the means by which organizations will deliver and uphold the message that ethics is important. Ethics is a part of corporate life and will continue to be so in the years ahead. From non-profit hospitals to international organizations everyone feels the need to define, emphasize and perpetuate ethical conduct. As ethics rise to the top of the list of priorities for organizations, the people who are among the most qualified to participate in the ethical leadership of their organizations – are HR professionals and therefore they occupy the most deserved seat at the Table.

There is a clear strong line of connection between Ethics/Morals and Humans, which in organizational context we can also relate to Human Resource. It is considered to be one among most vital resources of any organization which needs to be managed as cautiously as any other factor of production. And, when one talks of Human Resource Management, ethics, morals and values are highlighted. Johnson [7] has rightly quoted that:

"All HR practices have an ethical foundation. HR deals with the practical consequences of human behavior"

This clearly means that Human Resource, Human Resource Management practices and Ethics go hand in hand. It is so because it is the only resource that has moral and ethical values, and only an ethical management of this resource will lead to adequate human behavior heading towards accomplishment of organizational goals and satisfaction on the part of personnel.

Role of HR in Ethical Management

- This is HR's responsibility to uphold the values and ethical standards of an organization. HR professionals are more equipped to live up to the ethical demands of their jobs, allowing them to be role models to others.

- HR's duty to educate and make senior management aware about the certain practices in an organization, which are not healthy

- HR professionals can be in regular touch with all level employees to understand their difficulty on ethical issues

- HR should also ensure that as a part of the induction of a new joinee proper brief about the Company's ethical policies.

- Establish credibility of HR department and practice what you preach?

- It is only when we do all this the employees will show willingness to report observed misconduct, they will perceive pressure from not to commit misconduct, perceptions that we would be held accountable and responsible for any misconduct and therefore the employee will feel more satisfied with the job and the organization.

- Do not compromise on ethics, If you compromise ones, you will lose the platform forever- decision may seem tough, but you will be far more respected as a person who contributes to building a strong foundation.

Deep Rooted Ethics in Human Resource Management: A Spiritual perspective from India

India is a country that gave birth to great scholars who bestowed the nation with pearls of wisdom, ethical and moral values. Some great Epics are written on the land of India, to name some are: Ram Charit Manas (Valmiki), Bhagvada Geeta (Ved Vyas), Arthshastra (Kautilya). All these great spiritual creations narrate well embedded history of India, which is enriched with Ethics, Morals, Values and Beliefs of the nation. In addition to that these spiritual writings also reveal the eternal principles which are fundamental and essential for all aspects and perspective of life. The above mentioned Indian scriptures has also been endeavored to provide their relevance to the modern management. It is always hoped that the principles and values defined in the above epics, if sincerely put into practice, will manifest attitudinal change in the mind of modern day managers which can help them adopt a more Ethical Management practices in the organizations.

Aspects of Ethical Management in Valmiki Ramayana

The *Valmiki Ramayana* is primarily written as a biography of Sri Rama, who ruled with great justice and equity to ensure protection and prosperity of his subjects. He was such a great ruler that the concept of *Rama Rajya* has become the benchmark for all the subsequent rulers in India till today. *Valmiki Ramayana* is vast and covers all range of subjects. Besides management, *Valmiki Ramayana* also encompasses religion, statesmanship, international relation, wars,

treaties, administration, collection of revenue, rules of taxation, agriculture, mining, forestry, etc. There is hardly any area of human endeavour, which Sri Valmiki Muni has not analysed in depth in his *Ramayana Valmiki Ramayana's* insight into human nature and its immensely practical advice would provide great benefit and guidance to the present day managers. Therefore, in this paper some of the topics of management, which has been beautifully revealed in *Valmiki Ramayana*.

It consists of 7 khands, containing various aspects of Management, viz. Aspects of Ethics, Indian Values and techniques of Human Resource Management in beautiful manner and also with complete, strongest and highest quality. Ramayana is an idol Epic that gives us the path to survive in this world with self confidence and high moral values and we certainly manage all the organizational activities according to their available principles. The HRM policies, strategies and talent hunting and utilization of resources is used and adopted in Ramayana with high standards. Sunder Kand is one among 7 khans of Ramayana. The 60 chaupaiyan of Sunderkand describes such values and principles which was adopted 1lakh years back, if also be considered while framing present management strategies, will result into much higher and better output. Hence here is an attempt to reveal the management oriented meanings in few chaupaiyan of Sunder Kand. It is as follows:

मंदिर मंदिर प्रति करि सोधा। देखे जहँ तहँ अगनित जोधा।।
गयउ दसानन मंदिर माहीं। अति बिचित्र कहि जात सो नाहीं।।

In constant search of better talent, sometimes we find gem of persons i.e. the employees who have faith in the organization and also have importance for ethics, moral and values and are dedicated towards organizational objectives and goals.

राम राम तेहिं सुमिरन कीन्हा। हृदयँ हरष कपि सज्जन चीन्हा।।
एहि सन हठि करिहउँ पहिचानी। साधु ते होइ न कारज हानी।।

Talent of a potential employees speak and stand out among all, it glitters and glimmers like a shining star even in the dark.

दो0-सचिव बैद गुर तीनि जौं प्रिय बोलहिं भय आस।
राज धर्म तन तीनि कर होइ बेगिहीं नास।।37।।

Employees holding either high or a low position should have their say in their organization.Productive suggestion if is for good of the organization should always be entertained.

नाथ नील नल कपि द्वौ भाई। लरिकाई रिषि आसिष पाई।।

तिन्ह के परस किएँ गिरि भारे। तरिहहिं जलधि प्रताप तुम्हारे।।

All organizational activities are performed by its employees, the efficiency quotient of those activities will double itself if the right person is designated the right position. In above lines an attempt is made to take a glance at the scriptures of Ramayana from managerial perspective and interpret it in managerial terms. In addition to that the above explanation also put emphasis on the importance of ethical and moral values in managerial processes.

Aspects of Ethical Management in Bhagwat Gita

India has the eternal wealth of human values which were taught in the cosmic science of Bhagwat Gita and Upanishads. One has to inculcate and develop these human values for leading a peaceful life, as also for reorientation of various management practices for the achievement of managerial goals. Such transformation would not only better ones own life but also help to attain peace and prosperity in the practice of business in the world of corporate management. Today, the essence of human values is the nourishing factor for 'the management capability' of a manager, who is the leading figure of the management scenario. The Bhagwad Gita is considered as the essence of the Vedas and Upanishads. One of the greatest contributions of India to the world is the Holy Bhagwad Gita .Today the ancient Indian philosophy of Bhagwad Gita, which has entered inter alia in the managerial domain of the world, has found its place not only as an alternative to the theory of modern management, but also as an inspirational source to individuals by bringing them back the right path of peace and prosperity. The management lessons from Bhagwad Gita have been illumined to the world by many Indian saints including Swami Chinmayananda, Swami (Dr.) Parthasarthy, and Maharishi Mahesh Yogi, who has called the Bhagavad-Gita as the essence of Vedic Literature and a complete guide to practical life., as it provides all that is needed to raise the consciousness of man to the highest possible level.´ It reveals the deep, universal truths of life that speak to the needs and aspirations of everyone.

To motivate Arjuna to do his duty, the Bhagavad Gita was preached in the battlefield of

Kurukshetra by Lord Krishna. For the present day managers, who are also facing similar ethical dilemmas, but in a bit different scenario, Bhagwad Gita has got all the management tools to provide the mental equilibrium and to overcome any crisis situations through inspirational messages extracted from it. The Bhagavad Gita can be experienced as a powerful catalyst for transformation. This divine book contribute to self -reflection, finer feeling and deepen one's inner process, making the worldly life more dynamic, full of joy no matter what the circumstances might be- through attitudinal changes in the individuals. And these attitudinal changes work as a vital ingredient for present day managers leading them towards better and ethical management practices.

Aspects of Ethical Management in Kautilya's Arthashastra

Kutilya, Chanayak or Vishnugupta, a great scholar and an epitome of knowledge and managerial skills, Professor of Politics and Economics at Taxila University, authored Arthashastra and Chanakya Neeti in 4th Century BC. Arthashastra containing 15 books, 150 chapters and 6,000 sutras, is known as a book on "Total Management". This is the reason why this book is under continuous review by many researchers, professors and academicians, so as to explore Management Mantras in this marvelous epic named Arthashastra.Some of the reviews identified and exposed some of the Kautilyan management fundamentals. Other researched kautilya on the scope and methodology of accounting, organizational design and the role of ethics in ancient India. Study on Chanakya's aphorism on management, defining the importance of Ethics or righteousness for efficient management. The Five Management Aphorisms developed by Chanakya are as follows:

Sukhasya Mulam Dharma- The basis of happiness/prosperity is Righteousness/Ethics

- The first sutra starts with happiness & the purpose of management endeavours is to generate prosperity to the stakeholders.

- The happiness is to be based on ethics/righteousness.

- Similar lessons are also found in the Ramayana, Mahabharata (including The Gita), other Vedic literature & Tirukkural.
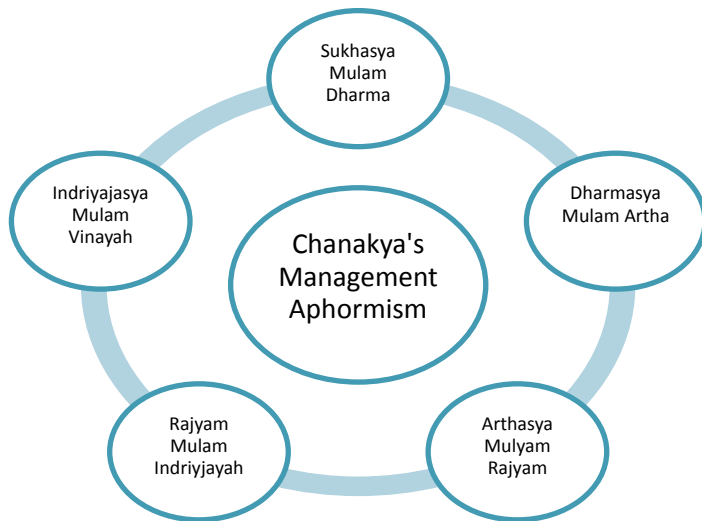
Fig. 2: Chanakya's management aphorism

- This also propagated the idea of ethically run State in the 6th Century B.C.

Dharmasya Mulam Artha- The Basis of Righteousness is Resources

- According to Kautilya, dharma without resources is toothless and resources without dharma id useless.

- Resources will make ethical conduct or behavior possible & Vice Versa

- Shubha (goodness and auspiciousness) must come first , then Labh (Gain or Profit)

- Management must strive to senate resources based on ethical conduct or behavior.

- Arthasya Mulyam Rajyam- the basis of resources is kingdom

- To generate resources you need an enterprise, organization, team or unit.

- A resource generated by organization includes manpower development, money, machinery, materials, methods and markets.

- Further generation of resources requires expansion of the kingdom (organization) not by war but through market & product development, market penetration and diversification strategies.

Rajyam Mulam Indriajayah- Organization is Rooted in the Conquest of Senses

- Victory over the senses means control of 5 organs of senses (eyes, ears, tounge, nose and skin) and 5 organs of actions (hand, feet, mouth, genital and anus)

- Only a leader who has conquered the organs of his body would be able to put organizational interest first before his self interest.

- This also involves control of 6 enemies within- kama, krodh, lobh, mada, moh, matsara (desire, anger, greed, arrogance, infatuation and envy), also includes mana and harsa (pride and foolhardiness)

- Indriajayah Mulyam Vinayah- conquering is rooted in training:

- The first book of Arthashastra is 'vinaya adhikarikam' or book of moral training.

- The conquest of senses is rooted in discipline & training in ethics & morals- should begin from childhood.

- The control of mind, all experiences such as happiness/sorrow, gains/losses, victory/defeat, hot/cold should be taken with equanimity- Brahma Bhuta.

Kautilya was a king maker, he gave birth to a king in Chandragupta Maurya, through his teachings and insights. Maurya was considered to be the unifier of India during the 4th Century B.C., and his empire was continued by his son Bindusara and grandson King Asoka. The reason may be because along with the kingdom Maurya also transferred his managerial skills to them.

In the above mentioned statements it is clearly shown that how strongly Ethics, Morals & Values binds the roots of our nation. We saw that how some of the legendary managers of their time, like lord Rama, Shri Krishna, Chandragupt Maurya emphasized adoption of ethical practices for an appropriate management of their kingdom. Hence, those golden words are still remembered and practiced by some of the business giants of our country, like TATA, Reliance, Birla, Infosys, and so on, which make them stand apart and outperform their competitors in both national and global market. Further in the paper we will witness some of the Ethical Standards of Human Resource Management which should be adopted by HR managers in their industries for better performance and success. On the other hand we will also discuss case studies of some successful organizations, to reveal their Human Resource Management practices.

Ethical Standards for Human Resource Management: A Trio

Each day in the course of executing and communicating HR decisions, managers have the potential to change, shape, redirect, and fundamentally alter the course of other people's lives. Managers make hiring decisions that reward selected applicants with salaries, benefits, knowledge, and skills, but leave the remaining applicants bereft of these opportunities and advantages. Managers make promotion decisions that reward selected applicants with salaries, benefits, knowledge, and skills, but leave the remaining applicants bereft of these opportunities and advantages. Managers make promotion decisions that reward selected employees with raises, status and responsibility, leaving other employees wondering about their future and their potential. Managers make firing and layoff decisions in order to improve corporate performance, all the while harming the targeted individuals and even undermining the commitment and energy of the survivors. Even when managers complete performance appraisals and deliver performance feedback, they may inspire one employee and devastate another. For each HR practice, there are winners and there are losers: those who get the job and bouquet of other benefits and those who do not.

Therefore from the above mentioned fact it can be concluded that not all but some HR practices one way or the other result into disappointment and resentment for some, and in that situation if ethics are also separated from these practices it will be fatal for the dignity of deprived ones. Hence, there has to be certain ethical standard which if applied in that situation will at least sooth the less lucky group. For achieving this goal here we present a Trio of Ethical Standards for Human Resource Management, they are as follows:
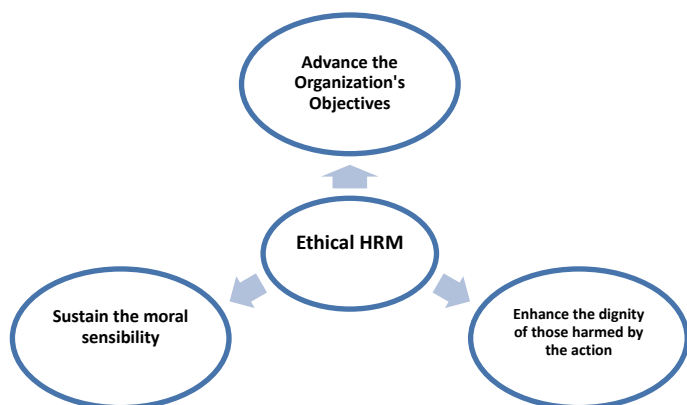

Fig. 3: Ethical standards of HRM

Standard 1: Advance the Organization's Objectives

Organization's objectives should be made explicit i.e. hiring and firing decisions, performance appraisals, and even downsizing should serve a central organizational objective. The aim of this ethical standard is to align the specific HR practice with a clear grasp of the objective it is designed to advance. This standard serves two purposes. They are:

- It requires managers to identify the objective and their actions are intended to serve. It prompts careful consideration of the objective these practices serve, initiating a process of thoughtful due diligence to ensure that the purpose does warrant the practice. For an instance, managers working in a company with a forced ranking performance evaluation system. Managers must explain to those receiving below average appraisals why they are ranked so. The need to deliver these negative appraisals does not itself make the practice wrong. It does make the practice difficult, and it does inflict emotional and material harm on some people. But clarity about the objective can help managers weigh the difficulty and harm, and it can push them to question whether the objective really necessitates the practice and whether the practice really advances the objective. Might there be alternative ways of advancing the objective? Perhaps not or perhaps ways that are not as effective, but the process of clarifying the objective and questioning its connection to the practice solidifies the importance of the practice and aligns it with the objective it serves.

- The second function this ethical standard fulfils is that it makes the underlying objective psychologically salient. When performing tasks that leave some people less well off or that fracture an organization as it goes through change, managers need a meaningful sense of direction. A clear and engaging direction tends to enhance motivation and performance in work tasks. However, our aim in suggesting this ethical standard is to reduce the likelihood of rationalization and increase the likelihood of careful deliberation, of considered judgment in performing HR practices, so that even those that raise ethical questions have been checked against underlying goals. Necessary practices that have been weighed seriously against their intended organizational objective may nonetheless entail harm. Clarity about the underlying objective

enables those performing these practices to connect psychologically to the objective and perform what otherwise would be experienced solely as a harmful task.

Standard 2: Enhance the Dignity of those Harmed by the Action

The second ethical standard we propose revolves around harmed individuals' capacity to operate constructively after the harmful act. This ethical standard serves a different function from procedural justice. Procedural justice functions to impart a sense of fairness and ensure acceptance of the outcome, thereby limiting potential repercussions and negative emotions for victims and witnesses. Dignity functions to preserve and restore the capacity of harmed individuals effectively. As suggested by research indicating that procedural justice has a more significant effect on negative emotions than it does on positive emotions [8], procedural justice prevents the downside; conversely, dignity foster the upside. Dignity focuses on preserving and enhancing the faculties and sense of identity people need in order to get on with life.

This is important for HRM because when practices entails distributions, some will lose out on what is being distributed- jobs, promotions, opportunities, rewards. Focusing on dignity expands the distributive pie for those who end up worse off. They may be denied opportunities or have their jobs and lives disrupted, but attending to their dignity ensures that another good is distributed to them. Enhancing their dignity means equipping them with the ability to move on and restoring their sense of self-efficacy so that they can cope with the blow, rebound, and move forward.

Standard 3: Sustain the Moral Sensibility of those executing Morally Ambiguous Tasks

Human Resource practices rarely take into account the practitioners of HRM, whether a HR Manager or a General Manager. Although hiring, firing, promoting, appraising, rewarding and restructuring are actively carried out by people, the people who perform these tasks have largely been neglected. This seems problematic because the enactment of HRM is both practically and ethically challenging. Tasks that remain morally ambiguous and that require at least some consideration of how those charged with these tasks can carry them out.

The function of this third standard is to set out a criterion that recognizes the realistic

psychological challenges confronting those who must implement HR practices. We propose that HR practices should be designed to help those who perform them to sustain their capacity to ask moral questions and to deliberate seriously, rather than reach for rationalizations and convenient escape from responsibilities. This third ethical standard calls attention to the experience of managers. It creates an imperative for designing HR practices so they foster the capability of HR practitioner. Specifically, the third standard calls upon organizations to (a) foster HR practitioners' capacities to retain, rather than resolve moral conflicts, and (b) provide means for HR practitioners to learn how to achieve multiple objectives when performing acts that affect others.

The ethics of HRM is about more than treating people sensitively or being fair and measured. Human Resource Management entails consideration of the organization, the target of harms and the HR Managers themselves. The above mentioned ethical standards promote due consideration of organizational objectives, active efforts to promote the dignity of harmed parties, and care and development of the very people asked to perform the tasks of HRM. Till now we talked about Ethical HRM standards which are expected to be adopted in the organization so as to smoothen up the journey for accomplishment of organizational goals, now further in the paper we will discuss the real life case studies of two Indian Business giants, named TISCO (TATA Iron & Steel Company Ltd.) and Infosys, which are very well known for their effective and efficient management and also for their orientation towards human resource of their organizations.

Ethical Practices in TISCO (TATA Iron & Steel Company Ltd.)

Nearly a century old, Tata Iron and Steel Company Ltd. (TISCO), more popularly known as Tata Steel, is one of India's oldest companies. Established in 1907 by Mr. Jamsetji Tata, a visionary, it is Asia's first and India's largest integrated private sector steel company. Since its inception, the company has focused on the customer, operational excellence, employee welfare, organizational leadership, and social responsibilities and citizenship. Consistent with its thrust on these dimensions, the company is one of the most respected companies in the country for its value-based practices, ethical and dynamic practices, and competitive performance. The name 'Tata' has always been synonymous with trust. The statement of purpose of the Tata

group (Tata Steel belongs to this group) explicitly seeks to improve the quality of life in the communities it serves. It says, "Our heritage of returning to society what we earn evokes trust among consumers, employees, shareholders, and the community. This heritage will be continuously enriched by formalizing the high standards of behavior expected from employees and companies." The values and principles that had governed the company (and Tata group) were articulated for the first time in 1998. It was in this year that the company formally published its 'code of conduct.' This document was aimed to guide each employee on the values, ethics, and business principles expected of them (Annexure). Among other things, the implementation of the Tata code of conduct was mandatory for the relatively autonomous group companies to leverage on 'Tata' as a brand. The successful implementation of this code of conduct was not a matter of choice for Tata Steel. One of the senior managers of the company stated:

'Deciding to implement the Tata code of conduct was easy for us. We had always believed in ethical practices. However, we had to ensure that every one of more than 50,000 employees practised the code.'

To implement the code of conduct, the company created a new position of 'ethics counsellor' at the senior management level. He was internally identified and made to report to the Managing Director of the company for the day-to-day functioning. However, he directly reported to the group headquarters. In his own words:

"The company management encourages me to interact directly with the group headquarters. On my part, I discuss most of the issues with the MD to facilitate better voluntary implementation of the code of conduct by the employees."

In every department, one person was identified by the head of the department to additionally look after the implementation of the code of conduct in the department. These ethics coordinators reported to the ethics counsellor directly on matters related to ethics. However, for other purposes, they continued to report to the heads of their respective departments. The ethics coordinators in consultation with the ethics counsellor organized a large number of awareness programmes every year. Such programmes were extended to the other stakeholders like suppliers and dealers of the company. Having succeeded in creating awareness among the employees, the

ethics counsellor organized nearly 15 awareness programmes for the families of the executives. The family members were made to feel proud that one of them was part of a 'value-based' organization. The ethics counsellor stated:

We realized that it was not adequate to create awareness among the employees alone. Frequently, executives succumb to the temptation of accepting favours owing to the unreasonable expectations of the family members. Further, we also realized that if the families of the employees could take pride in the honesty of Tata Steel employees, they would encourage the employees to follow the code of conduct in letter and spirit. Formal control systems to uphold the code of conduct do not work owing to a lack of direct monitoring mechanisms. The workshops for the families were primarily restricted to the senior management levels. The ethics counsellor stated that implementation of the code was more critical for this group of employees. "Owing to larger responsibilities, they experience more temptations for violation of the code," he explained.

Having organized the workshops, the company looked into the possibility of integrating ethics in the performance management system. Every month, one ethics coordinator was rewarded on the basis of quality of work. The employees and other stakeholders were rewarded whenever they demonstrated unique behavior of high moral value. However, the company decided not to make it a part of performance appraisal system as the management felt that following the code was not a matter of discretion. Any proven violation of the code was viewed seriously. In fact, one of the employees was dismissed from the company for violation of the code of conduct. The news was widely publicized though the name of the employee was not revealed. The outcome of these efforts was found to be encouraging. One of the executives stated,

"I received an honorarium of Rs. 2,000 for delivering a lecture in one of the prestigious management institutes. I proactively asked the ethics counsellor whether I could accept such payment. I did not want to violate the code of conduct even by mistake. I strongly believe in the ethics of the company."

The executives were extremely happy when they realized the advantage of the code of conduct in maintaining their relationships with external stakeholders. The managers found it difficult to interact with government officials without arranging for any favours in the early days after

implementing the code of conduct. However, the executives continued to insist on the directives of the top management and the principles of the code of conduct. Slowly, the officials realized that the company would continue to follow the code honestly. They stopped seeking gratifications from the company. One of the managers summarized the issue in the following words:

We are willing to provide any information required to the officials. We are also willing to wait for clearances and certificates from the government officials. However, we cannot grant any favours to them. Now, these officials respect us for our values and ethics. They treat us differently. I now feel better and more comfortable while interacting with external agencies. During our interaction with the managers, we observed that the employees took pride in their association with a company that believed in the code of conduct. This sense of pride enhances the commitment of employees (Bhat and Maheshwari, 2004) which, in turn, influences the performance of the company. Even interviews with the retired employees reflected a high respect for the company. Such behavior of the employees enhances the image of an organization, adds to the positive response of external stakeholders towards the organization, and reduces the transactional cost.

Ethical HRM at Infosys

Infosys has been a pioneer in innovative workforce practices and HR initiatives-be it in creating wealth for employees through wide distribution of stock option plans or in creating a enjoyable workplace with various amenities. Nandan Nilekani, President and Managing Director of Infosys, commented, "Attracting the best and the brightest and creating a milieu where they operate at their highest potential are very important for Infosys. Our campus and technology infrastructure is world-class, we pay a lot of attention to training and competency building, we try to have sophisticated appraisal systems, and we try to reward performance through variable pay".

Human Resource practices at Infosys

Recruitment

While recruiting new hires, Infosys takes into consideration so as to identify the right talents for the right jobs. And in this drive the company strictly focuses on hiring those individuals (talents) who have the capability of high degree of 'learnability'. The qualities mostly sought by the company involve high levels of analytical ability,

teamwork and leadership, communication and creative skills, along with a practical and structured orientation to problem solving.

People Development and Training

Employee development and training at Infosys is a continuous process. When hired employees immediately go through induction and training programme. These programme mainly aim to emphasize on training these new recruits on new processes and technologies and orient them with the organization's culture and ethical practices. As they reach higher efficiency and performance levels, they are further trained on project management training sessions so that they could develop competencies for independently handling projects and assignments for the organization's clients. Infosys also emphasizes upon management and leadership development programme as and when required and caters to the requirements of management development for its senior employees and managers. The new recruits are trained at the Global Education Centre (GEC) in Mysore, which has world-class training facilities and the capacity to train more than 4,500 employees at a time. The company has a competency mapping system in place which takes into account individual performance, organizational priorities, and feedback from the clients so as to give comprehensive inputs for developing these training programmes.

Performance Appraisal System

The performance appraisal process at Infosys begins not only with performance evaluation but also encompasses the evaluation of individual skills for the tasks assigned to an employee during the assigned period of performance evaluation. In this regard, performance appraisal takes into consideration various performance criteria like timeliness, quality of work, customer orientation, peer satisfaction and performance improvement potential. The company has also launched an internal job posting mechanism and the concept of personal development plans, on the basis of 360 degree feedback.

Compensation and Rewards: The entire organization has restructured its compensations and reward system in order to match the performance of its employees, business needs and the growing scale of operations. The company started following a variable pay structure10. At the lowest level, 10 per cent of the salary is variable; it is 30 per cent at the middle level and 50 per cent at very senior levels. Salary at Infosys is linked to the top line, performance of the team and performance of the individual. The company

also intends to compensate star performers more aggressively than average or poor performers in a move that has more similarities with American culture which promotes and rewards individual merit11. Another remarkable hallmark of Infosys had been its employee stock options plan (ESOP) framework for which the company has made a mark of its own in the industry. Many organizations had decided to adopt the Infosys ESOP system as an effective way to retain their employees.

Work life Balance Programme

As part of its holistic HR policy, Infosys had opened a satellite centre in the heart of the city to enable its employees (particularly new and to be mothers) to cut down on travel time to work. The company has also initiated a pilot project for employees giving them an opportunity to opt for a one-year sabbatical at any point in their careers. This could be used for childcare, eldercare, higher studies or for health reasons9. Many working mothers and to be mothers have also been encouraged to work on their projects from their homes. Flexi timing of the working mothers also help these techniques to have enough time with their kids and family. Apart from these the company also emphasizes on organizing counseling programme for their employees so as to provide solutions for better work life balance.

Infosys had always considered its people as its most valuable assets and had seeked opportunities for further improvement in performance, business development by fostering innovation and creativity in the workplace. In the coming years, how the company's HR philosophy would help the organization to steer into the new decade would well be worth watching and a learning experience for HR specialists [9-17].

Conclusion

In the end we can conclude that there is close knitted relationship between Ethics and Humans, whether as an individual or as an employee of any organization, more specifically Human Resource. Ethics is important not only in business but in all aspects of life because it is the vital part and the

foundation on which the society is build. A business/society that lacks ethical principles is bound to fail sooner or later. Some management gurus also insist that ethical companies have an advantage over their competitors. Also in any organization practicing ethics is not confined to any designation or level or any particular department, this is an important practice which everyone should realize and adopt.

As Robert Noyce mentioned "If ethics are poor at the top, that behavior is copied down through the organization"

Thus, a manager should treat his employees, customers, shareholders, government, media and society in an honest and fair way by knowing the difference between right or wrong and choosing what is right, this is the foundation of ethical decision making because GOOD ETHICS IS GOOD BUSINESS.

Food for Thought

- Managers should attempt to increase moral awareness among employees so as to increase their concerns towards ethics.

- Higher will be the socialization in the organization, higher will be vulnerability of employees towards ethical conduct.

- The employees should not be cocooned in an output oriented management system, this will result into lack of ethical concerns in decision making and productivity.

- Thrust should be put on process rather than output, because a thrust on the later may result into deviation from ethical concerns towards the fulfillment of goals and win the race.

- The guidelines regarding ethical practices should be documented and widely circulated among all the stakeholders

- Lastly, the suggested framework should guide future research to extend the notion of ethics from 'concept' to 'practice'.

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