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Human Resource Management

Ethics and Employment

Edited by

Ashly Pinnington, Rob Macklin and Tom Campbell

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LIST OF CONTRIBUTORS

David Ardagh, Senior Lecturer in HRM, School of Commerce, Charles Sturt University, New South Wales, Australia.

Serkan Bayraktaroglu, Associate Professor of HRM, Department of Business Studies, Sakarya University, Adapazari, Turkey.

Lynne Bennington, Professor and Head of School of Management, RMIT Business, RMIT University, Melbourne, Victoria, Australia.

Peter Boxall, Professor of Human Resource Management, Department of Management and Employment Relations, The University of Auckland Business School, Auckland, New Zealand.

Tom Campbell, Professorial Fellow, Program Manager, Business and Professional Ethics, Centre for Applied Philosophy and Public Ethics, Charles Sturt University, Canberra, Australian Capital Territory, Australia.

Breen Creighton, Professorial Fellow, Faculty of Law, University of Melbourne, Victoria, Australia.

Helen De Cieri, Professor and Director of the Australian Centre for Research in Employment and Work (ACREW), Department of Management, Monash University, Melbourne, Victoria, Australia.

Adam M. Grant, Doctoral Candidate in Organizational Psychology, University of Michigan, Ann Arbor, Michigan, USA.

Michelle Greenwood, Assistant Lecturer, Department of Management, Monash University, Melbourne, Victoria, Australia.

David E. Guest, Professor of Organizational Psychology and Human Resource Management, Department of Management, King's College, London, UK.

Ken Kamoche, Associate Professor, Department of Management, City University of Hong Kong, Hong Kong.

Karen Legge, Professor of Organisational Behaviour, Industrial Relations and Organisational Behaviour Group, Warwick Business School, University of Warwick, Coventry, UK.

Rob Macklin, Senior Lecturer, School of Business, Charles Sturt University, Albury, New South Wales, Australia.

Joshua D. Margolis, Associate Professor, Harvard Business School, Boston, Massachusetts, USA.

Andrew L. Molinsky, Assistant Professor of Organizational Behavior, Brandeis International Business School, Waltham, Massachusetts, USA.

Gill Palmer, Professor and Dean of the Faculty of Business and Economics, Monash University, Melbourne, Victoria, Australia.

Ashly H. Pinnington, Professor of Human Resource Management, Aberdeen Business School, The Robert Gordon University, Aberdeen, Scotland, UK.

John Purcell, Professor of Human Resource Management, Director of the Work and Employment Research Centre, School of Management, University of Bath, Bath, UK.

Michael I. Reed, Professor of Organisational Analysis (Human Resource Management Section) and Associate Dean (Research), Cardiff Business School, Cardiff University, Wales, UK.

Sheena Smith, Postgraduate Research Student, Department of Philosophy, Australian National University, Canberra, ACT 0200, Australia.

Tom Sorell, John Ferguson Professor of Global Ethics, University of Birmingham, Birmingham, UK.

Adrian Walsh, Senior Lecturer, School of Social Science, University of New England, Armidale, New South Wales, and Research Associate, Centre for Applied Philosophy and Public Ethics, University of Melbourne, Melbourne, Victoria, Australia.

Tony J. Watson, Professor of Organisational Behaviour, Nottingham University Business School, University of Nottingham, Nottingham, UK.

CONTENTS

LIST OF FIGURES

LIST OF TABLES

Introduction: ethical human resource management*

Ashly Pinnington, Rob Macklin, and Tom Campbell

It is a curious fact that the current surge of interest in business ethics has largely bypassed the theory and the practice of human resource management (HRM). While business as a whole is presenting itself more and more in terms of social responsibility, and employees are routinely accepted as crucial stakeholders in most business organizations, HRM practice continues to affirm its significance for corporate profitability and prefers to distance itself from its traditional welfare image. It is, therefore, timely to revisit the subject of ethics in employment with respect to HRM, and to do so in a way that brings out the complexity of articulating a conception of ethical HRM that goes beyond a shaky affirmation that 'good ethics is always good for business'.

The contemporary context

Business ethics as a field of study and as an issue with currency in the broader community has grown considerably in recent years. This interest has been increased, it can be suggested, by a series of corporate scandals that have stimulated a small explosion in academic publications on corporate governance (Zoffer and Fram 2005) and led to a greater concern to include ethics courses in business school curricula (Crane 2004; Elliott 2004; Evans and Marcal 2005; Koehn 2005).

At the regulatory level many government bodies have or are establishing mechanisms to facilitate good business practices. For example, in the USA in July 2002 the Sarbanes-Oxley Act was passed, while in Australia the Federal government has adopted an approach that focuses on providing principles that help to educate people in organizations about good corporate governance (Williamson-Noble and Haynes 2003). In the UK, the government

* The editors acknowledge the significant contribution made by Sheena Smith to this introduction and thank her for all her work on the project as a whole.

encourages adoption and reporting on corporate social responsibility (CSR) through guidance on best practice, regulation, and fiscal incentives (DTI 2004). In addition, within the corporate sector it would now appear that there is also a growing interest in the development of corporate codes of conduct or ethics (Florini 2003). In this respect the Illinois Institute of Technology, Center for the Study of Ethics in the Professions, 'Codes of Ethics Online' provides a large and growing collection of codes drawn from a wide variety of industries including communication, IT, engineering, finance, and real estate.

Given all of these initiatives in business ethics and CSR, one might expect a similar growth of interest in ethics and HRM. After all an extremely important component of making business more ethical is to take seriously the ethical aspects of managing people (Winstanley and Woodall 2000*a*). A review of the literature does indeed reveal a modest growth of interest in the subject. Over the last decade there have been a number of books, edited collections (Parker 1988*a*; Winstanley and Woodall 2000*b*; Woodall and Winstanley 2001), and articles published on ethics in academic journals (e.g. *Personnel Review* Vol 25, No 6 1996) and elsewhere (e.g. Schumann 2001; Shultz and Brender-Ilan 2004; Weaver 2001). Nevertheless, it has not really kept pace with developments in the broader field of business ethics.

Many business ethics textbooks contain chapters on the ethical issues that may arise in the employment relationship, including the ethics of discrimination, and employees' rights and duties (e.g. DesJardins and McCall 2005; Jennings 2006; Velasquez 2006). However, often they focus on individual practices rather than on the ethics of HRM policies and practices in organizations or on the roles of human resource (HR) practitioners. There is, therefore, a need to address these gaps in the business ethics literature to foster more debate on ethics amongst HR practitioners, commentators, and academics.

Bringing ethical awareness into the core of HRM is all the more important given the trend in Western societies towards decline of trade unionism and the emergence of more individualist approaches to employment (Deery and Mitchell 2000; Peetz 2004; and Legge Chapter 2 in this volume). The turn towards individualism in employment has arguably placed the morality of HRM increasingly in the hands of managers and HR managers in particular. In the past, the employment relations practices of employers were more open to scrutiny by other powerful parties such as trade unions and industrial tribunals. These collectivist systems of industrial relations (IR) helped to maintain some checks on employers who sought to exploit their employees. Moreover, collective agreements and especially those with clauses on the conduct of the employment relationship, acted as a guide for many employers and employees as to what constituted acceptable behaviour.

The decline of collectivist arrangements has left many employees potentially more vulnerable to opportunistic and unethical behaviour (Watson et al.

2003). Except in occupations where market conditions overwhelmingly favour the employee, employers are in an increasingly powerful position to govern and dominate the employment relationship (Smith 1997). This throws more into question the morality of contemporary HRM and increases the significance of engaging in moral evaluation of the behaviour of directors, managers, and HR practitioners. It is within this broad context that this book seeks to highlight the ethical and moral dimensions of HRM.

There are many different ways of defining HRM (e.g. for a more detailed discussion Legge 1995; Storey 2001). 'HRM' may be seen as one amongst many possible labels, such as 'personnel management', that denote the *generic* practices pertaining to certain functions such as recruitment, selection, training, remuneration, promotion, and separation. Alternatively, HRM may be seen as identifying a particular approach to such functions of employment rather than as a generic name for the management of employees within a public or private service organization. Its common conception of 'people management' is one that focuses on the creation and sustainment of a committed, loyal, and capable workforce required to deliver significant competitive benefits for the organization (Legge 1995: 64–7). According to Storey (1995), HRM in this more *specific* sense involves line and top management in pursuing the belief that a committed and capable workforce will give the organization a competitive advantage. It offers a theory of HR decisions as being of strategic and commercial importance and promotes development of an organizational culture of consensus, commitment, and flexibility. Within this specific conception of HRM, Storey helpfully distinguishes a 'soft' and a 'hard' version of HRM. Emphasis on culture is associated with soft HRM (although even soft HRM sees itself as promoting long-term profitability) in which employees are regarded as a source of creative energy and participants in workplace decision-making, while an emphasis on alignment of HRM with the strategy and structure is more characteristic of a hard version of HRM that is more explicitly focused on organizational rationality, control, and profitability (Pinnington and Lafferty 2003).

It is often argued that the stereotypes of hard and soft HRM are both inimical to ethics because they attend to the profit motive without giving enough consideration to other morally relevant concerns such as social justice and human development. It remains a matter for empirical research whether the hard and soft stereotypes of HRM in some circumstances offer the most effective means of maximizing corporate profitability. Even so, it is an important ethical issue whether the moral issues outweigh pragmatic concerns for organizational profitability. Clearly, these clusters of empirical, normative, and substantive questions cannot be resolved solely by terminological definition or even through a singular mode of conceptual analysis (Graham 2004). Therefore, we determine in this book to assume a generic and open-ended definition of HRM as denoting a bundle of functions relating to the management of

employees, thus encouraging a certain open-mindedness on the ethical and moral questions that arise. Most of the contributors to this book work with such a generic conception of HRM. Nevertheless it is important to keep in mind that the context of this work is one in which the more instrumental connotations of HRM as a contemporary form of strategic employee management for enhancing corporate profitability is frequently assumed to be the dominant paradigm.

Business ethics and HRM

'Business ethics' we understand in this book as referring to the moral evaluation of the goals, policies, practices, and decisions taken within business organizations as they impact on human well-being, fairness, justice, humanity, and decency. Here, the term 'ethics' is synonymous with 'morality' which are in general equivalent terms, the former stemming from Greek and the latter from Latin roots. Both refer to that aspect of human experience which involves making what purport to be impartial judgements as to the ultimate rightness and wrongness of conduct and the values to which priority ought to be given in personal, social, and political decision-making (Maclagan 1998). In so far as the usage of the two terms does diverge, ethics is more commonly deployed to refer to what we call 'role performance' which applies to the conduct of persons fulfilling a particular social role, such as parent, or employer, while morality has a more general connotation, ranging from personal behaviour to the assessment of laws and social organizations (see, e.g. Baier 1958; Beauchamp and Bowie 2004; Solomon 1997).

Often business ethics is presented in terms of the decisions facing individuals as board members, managers, or employees and the dilemmas (i.e. choices between competing moral considerations), or temptations (as in conflicts of interest) facing them. However, these individual choices have to be seen in the context of the roles that people are expected to play within a specific organization operating in a particular type of political, economic, and social system. This means that business ethics has to consider the moral critique of business and management practice as a whole and not just address the behaviour of individual managers and others. It is individuals who must ultimately make moral choices, either on their own or collectively, but identifying what choices exist and decisions they ought to make requires analysis of the morality of the existing and potential system and its constituent roles (Bowie and Werhane 2005: 1–20; MacIntyre 1981, 1988).

This broad approach to business ethics does not entail that ethics in business is something that comes into business ready made from the wider world as an external imposition of standards that have been developed and refined

elsewhere. Rather, business has its own ethics, a specific ethics that draws on general moral principles but refines and develops these in the light of its own particular goals, requirements, institutions, and objectives. Consequently, business ethics is not a compartmentalized add-on to business, but a *dimension* of business and specifically one that is inescapably present in all management decisions.

In making this point we nevertheless recognize that in recent times some writers have sought to critique the foundations of ethics. Writers commonly associated with postmodernist ways of thinking have been strongly critical of the assumption that our actions and pursuit of an ethical existence can be justified by returning to the essence of the matter or by explaining exemplars and relating master narratives (Lyotard 1984). Many postmodernists eschew such descriptions purporting to demonstrate how the world and societies operate, and caution against giving general prescriptions on how it should operate (Bauman 1989, 1994, 1995).

Bauman's questioning (1993) of attempts to ground ethics in foundations or essences has been especially influential on some of the recent academic debates within business and management and organizational theory (Jones, Parker, and Bos 2005; Parker 1998*a*, 1998*b*). He draws attention to the immoralities apparent within modernist and totalitarian government rule suggesting that they are nurtured by a bureaucratization of the ethical. Many of the technical procedures and rule-following behaviours characteristic of modern societies, he argues, often promote an emotional distance and lack of respect for others, and particularly for those who are relatively more disadvantaged (Munro 1998). To avoid a descent into nihilism, Bauman proposes that the way out of the dilemma is through encouraging development in others of what he calls the 'moral impulse'. His post-foundationalist approach to ethics endeavours to overcome some of the inevitable confusion created by empirical relativism and moral uncertainty by inviting individuals to transcend their egoistic moral understandings of the social self and consequently, act more caringly and responsibly towards others (Benhabib 1992; Legge 1998*a*, 1998*b*; Letiche 1998; Willmott 1998).

In general, the chapters within this book are not 'against ethics' as such although all are to varying degrees critical of ethical codes or moral recipes that oversimplify the realities of making moral decisions. All of the contributors to this book are interested in understanding the many duties, responsibilities, and issues of care and concern for others that arise within employment and in HRM. This means that in some cases norms, principles, and codes are raised and discussed, but we suggest this is largely done with an awareness of the deleterious effect that creating rules can have on the autonomy of others. The chapters address both the more recent and other long-standing debates on ethics and moral problems through adopting a wide variety of perspectives on business, ethics, HRM, and employment. The summaries in the remainder

of this Introduction, bring out the common thread of a concern for the role of HRM in the structure and dynamics of both (business) utility and moral decency in modern employment relations.

The chapter contents

Part I (Situating Human Resource Management) deals with the economic, political, and legal contexts within which ethical issues in contemporary HRM arise, including employment relations, theories of management, economic philosophy, strategic management, innovation, and the productive use of physical and human resources. Part II (Analysing Human Resource Management) looks at the emerging practices and institutional settings of HRM in ways that bring to the fore their ethical dimensions. Here, the prospect of HRM as an emerging profession with distinctive ethical commitments and responsibilities for workplace business ethics, justice, and human rights is considered critically in the light of existing and potential cultural, legal, and economic frameworks. Part III (Progressing Human Resource Management) explores the avenues for reforming HRM in the light of different managerial futures, moral philosophies, and institutional arrangements.

All of the six chapters in Part I concentrate on the contemporary macroenvironment, albeit from very different perspectives.

Chapter 1 by Gill Palmer (Socio-political theory and ethics in HRM) seeks to contextualize the comparatively new discipline of specific HRM in older debates on the management of people at work (generic HRM). Generic HRM is related to socio-political frameworks that have been used to understand the nature of authority, government, and consent within society. Three types of political theory are discussed: unitarist, radical, and pluralist. Palmer charts the historical changes of focus and content of the debates ranging from unitary theories with their use of organic analogies and emphasis upon the managerial prerogative to radical theories seeking to end the exploitation they believe to be inherent in capitalist employment relations. In more recent times, the debates have tended to focus less on arbitrating between the oppositions of unitary and radical theories and more upon how to deal with an inevitable plurality of interests at work. Three major theoretical approaches throughout the twentieth century are compared and contrasted: liberal-individual pluralism, liberal-collective pluralism, and coordinated, neo-corporatist pluralism.

Liberalism, it is argued, remains the basis of our modern economic and political democratic thought, although it has been suffused by concepts from corporatism emphasizing the roles of the nation state for regulating