

# ETHICAL ISSUES IN HUMAN RESOURCE MANAGEMENT

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## ABSTRACT

*This paper aims to summarize the main aspects of ethical issues in human resource management. The noteworthy topics are: how people perceive fairness in organizations and which are those moral rights and obligations of employees which, although not stipulated in the work contract, have a great impact on ensuring an ethical management of human resources? We will refer to discrimination in the workplace, moral and sexual harassment and the legal framework governing equal treatment in labor relations. The paper ends with the proposal of an ethical model of human resources management which is inspired by the spirituality of an ancient religion, Zoroastrianism.*

**KEYWORDS:** *management ethics, equity, moral rights, moral obligations, discrimination, moral harassment, equal treatment, Zoroastrian model of ethical management*

## 1. Introduction

From the word "ethos" used in the sense of character, Aristotle created the adjective "ethical" to elucidate a specific class of human qualities that he called the ethical virtues. These virtues are, according to Aristotle, some character faculties which are also called spiritual qualities. In order to highlight all the ethical virtues within a separate area of epistemology and to include this field in a separate area of science, Aristotle introduces the notion "ethics"<sup>1</sup>.

Although in time ethics was defined in many ways, this field was focused on the ethical principles and standards that should govern human interaction. Ethical ideals such as honesty, truth, fairness are standards for how people should treat each other. Ethical concepts such as rights, duties and responsibilities build the structure of social relations. They define the field of individual authority and specify what exactly do individuals owe to each other and what they owe to the community.

Today ethics is perceived as a fundamental aspect of management. An ethical design of management is essential to attract support and positive involvement of all participants in the success of the company: employees, customers, shareholders, creditors, suppliers and the community in which the firm operates. If these participants have

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<sup>1</sup> Capcelea, Valeriu – *Etica*, (Ethics), ARC Publishing House, Chișinău, 2003;

confidence in the company and feel they are treated fairly, then they will enthusiastically contribute to the smooth running of the business<sup>1</sup>.

Management ethics includes more than issues of corruption, theft or deception. It is concerned with the continuous conflict between the economic performance of the firm as measured by revenue, costs and profits due to the shareholders and the social performance of the firm – which is more difficult to measure and represented by obligations to employees, customers, creditors, members of society in general.

## 2. Equity in an organization

Equity is an ethical and legal principle underlying the regulation of all social relations in the spirit of justice, equality and justice, cooperation and mutual respect<sup>2</sup>. Equity is a behavior based on rigorous compliance with mutual rights and duties, on equally meeting the interests, rights and liabilities of each of us.

On the organizational level, equity has to do with perceptions that people have about how they are treated compared to others. Being treated with equity is to be treated fairly and impartially compared with a group of people or other relevant person<sup>3</sup>.

The equity theory proposed by S. Adams and J. Weick is based on two basic assumptions about human behavior:

1. People engage in an evaluation of their social relations, which are seen as an "exchange" in which they make contributions (investing time and effort) and expect some rewards in return.
2. People evaluate the fairness of an exchange by comparing their situation with the situation of others.

According to this theory, people assign a specific value to different investments and outcomes, based on their perceived importance. A state of equity occurs when the report between rewards and their corresponding personal investment is equal to the ratio of these two elements for another person who occupies a similar position. If a person perceives his report as being less than that of another person an inequity is perceived.

## 3. Moral rights of employees

### The right to work

As one of the fundamental human rights, the right to work is enshrined in the Declaration of Human Rights and the European Charter of Human Rights. The right to work derives on one hand from the right to life, because work provides the foundation necessary for subsistence and on the other hand, from the right to respect as the ability to create goods and means through labor is a major source of self-respect for each individual.

In the context of modern economy heated debates are held around the question whether the right to work is by itself definable as the right of each individual to be offered employment. While governments have a responsibility to create economic conditions to protect the right of every citizen to work, this task can not be met without the contribution

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<sup>1</sup> Țigu, Gabriela – *Etica afacerilor în turism*, (Business Ethics in Tourism), Uranus Publishing House, Bucharest, 2003

<sup>2</sup> \*\*\* Dicționar Enciclopedic, (Encyclopedic Dictionary) 1996

<sup>3</sup> Armstrong, Michael – *Managementul resurselor umane, Manual de practică*, (Human Resources Management – A Practice Manual), Codecs Publishing House, Bucharest, 2003

of private firms which, in the conditions of a developed capitalist economy, provide most jobs.

However, private companies will be able to provide jobs only to people whose work is appreciated as having value for the employer, according to standards set by him. Employment and wage payment are possible only if a company manages to produce and sell its goods and services profitably. Therefore, the employees' right to work of has to match the employers and shareholders' rights. The employees' right to work must not be understood as the state's or private companies' obligation to find each person a job; it is only an obligation to provide to all individuals equal conditions for the exercise of this right without any discrimination.

#### **The right to an equitable wage**

"Equal pay for equal work" - is one of the principles of the Constitution of Romania but also of many international regulations such as the *Universal Declaration of Human Rights* or the *European Social Charter* which enshrine the right of an equitable wage.

Under the conditions of market economy, private firms wish to build a wage pay system according to the ratio between supply and demand of human resources in the workforce. This rule, however, defies moral sense, because some forms of activity are much better paid than others, even if the effort, expertise and skills required to pursue them are not very disproportionate.

Some companies try to reduce the gap between the wages of employees by introducing a reward system based on performance. For such a system to become motivating for high performance a very clear link is needed between reward and performance level. Performance evaluation is one of the most important issues of ethics in human resources.

Some ethical dimensions of performance evaluation are: the evaluator must be perceived by those evaluated as fair and credible; information obtained by the evaluators in the evaluation should be used strictly for purposes of the assessment being made and should involve a degree of privacy; the evaluation should be based on a number of methods and it should come from several sources; the evaluator will have to respect the dignity of those evaluated; the evaluating persons should not be in a conflict of interest when performing their duty<sup>1</sup>.

#### **Other moral right of employees**

*The right to humane working conditions*, in which the psychosomatic health and integrity of employees is not endangered, is one of the ethical issues concerning the status of employees. In the case of occupations involving considerable risk taking, the ethical principle of fully aware consent must be respected. This involves informing the employees about the dangers they run by accepting the job.

From a survey made by the Foundation for the Improvement of Living and Working Conditions we can see that most Romanian employees work in unfavorable environmental conditions (too hot, too cold or too polluted) and in positions that involve

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<sup>1</sup> Pânișoară, Georgeta; Pânișoară Ion-Ovidiu – *Managementul resurselor umane. Ghid practic*, (Human Resources Management – A Practice Guide), Polirom Publishing House, Iași, 2004

either added fatigue or strenuous physical effort. Work generates over 42% of the cases of back pain and excessive fatigue of Romanian respondents<sup>1</sup>.

*The right to exercise discretion concerning the private life* is another moral right of employees.

Michele Simms distinguishes four aspects of privacy that an individual may want to protect from any indiscretion:

- Physical inviolability, or the right to a personal space;
- Social inviolability, or the individual's freedom to interact with anyone he pleases in his private life;
- Informational inviolability or the individual's right to decide how, when and to what extent their personal data may be made available to others;
- Psychological inviolability, the individual's right not to be compelled to disclose private thoughts and feelings.

### **Moral obligations of the employees**

Like in the case of the employees' rights, the employees' duties to their employers are included in the work contracts, according to current legislation and internal regulations of the various companies. However, beyond the legal framework, certain moral duties of employees to the firms where they work are being shaped, duties that are sometimes controversial.

One of these duties is loyalty to the firm. A company that offers job security, support and understanding at difficult times for employees has every right to expect from them a certain degree of fidelity and loyalty. The problem in question here is: How far should this corporate loyalty go? What happens when the conduct required at the workplace is contrary to widely accepted moral standards in society or the individual's ethical standards? For example, what happens if the company violated laws on toxic emissions and this comes to the attention of employees? Is it morally allowable for the employees to denounce this felony or would this be an unacceptable deviation from standard corporate loyalty?

### **Workplace discrimination**

By workplace discrimination we understand any distinction, exclusion, restriction or preference made based on race, nationality, ethnicity, religion, social class, belief, sexual orientation, age, disability, non-contagious chronic disease, HIV infection or belonging to a disadvantaged category, which has as purpose or effect the restriction or removal of recognition, use or exercise on an equal footing of any human rights and fundamental freedoms recognized by law in the politic, economic, social and cultural fields of or in any other areas of public life<sup>2</sup>.

Positive discrimination, a concept developed in the USA and sometimes called affirmative action, defines a type of discrimination in favor of an individual based on race, sex or marital status. Therefore, another person becomes disadvantaged on the same grounds<sup>3</sup>.

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<sup>1</sup> Chișu, Viorica Ana – *Prioritățile românilor: familia și sănătatea* (The priorities of Romanians: family and health) <http://www.capital.ro/index.php?section=article&screen>

<sup>2</sup> \*\*\* Governmental Ordinance no 137 of 31st august 2000 concerning prevention and sanctioning of all forms of discrimination (art. 2, paragraph 1)

<sup>3</sup> Adkin, Elain – *Resurse umane. Ghid propus de The Economist Books*, (Human Resources – Guide proposed by The Economist Books), Nemira Publishing House, 1999

In several activities of human resources management we can encounter discrimination. In a study on discrimination in the workplace conducted by the Center for Legal Resources, in collaboration with the Partnership for Equality Center<sup>1</sup>, the following areas are highlighted as cases when discrimination may occur:

- Recruitment and employment - the imposing of conditions such as age or gender for employment;
- Compensation - such as giving women lower salaries than men even though there is similar use knowledge and professional skills;
- Professional training - the imposition of conditions for access to such programs;
- Promotion - the use of discriminatory criteria for promotion in a management position;
- Relations between employees – cheating or hiding the truth in order to promote;
- Dismissals – excluding an employee because of this ethnicity, sexual preference or age;
- Establishing or changing working conditions and job description without the consent of the employee.

According to a study by researchers at the University of George Mason, workplace discrimination increases when employees feel threatened by such factors as the financial crisis. According to study, during the crisis employees change their attitude towards their fellow colleagues belonging to other ethnic groups. In turn, the management staff is reluctant to hire such persons. Also, during the crisis male employees are favored. Negative effects of the financial crisis are felt by cutting bonuses and promotion opportunities, by increasing mandatory unpaid leave and dismissals. It is therefore an increase in competition for job retention, leading among others to stigmatization of minority employees.

Discrimination between men and women, whether it is through pay or promotion to management functions is a topic which is given particular importance in Europe. Although progress was announced on gender equality concerning promotion in management functions, management of leading companies in Europe is still dominated by men.

#### **Moral harassment at the workplace**

Harassment is a form of discrimination manifested through an unwanted conduct, which has affected the human dignity of the person in question and which creates an intimidating, hostile, degrading or offensive environment against a person based on any of the grounds for discrimination.

There is no single definition, internationally accepted for moral harassment at work. This may involve an erroneous exercise of a function or an abuse of office, from which those concerned may find it difficult to defend. Moral harassment may also involve

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<sup>1</sup> Ionescu, Iustina – Combaterea discriminării la locul de muncă. Ghid de bune practici pentru companii, (Fighting discrimination in the workplace. Best practice guide for companies ), Centrul de Resurse Juridice (Law Resource Centre), 2007, Project financed through PHARE

verbal and physical aggression and more subtle actions, such as discrediting the work of a colleague or socially isolating him/her<sup>1</sup>.

Moral harassment at work is an important issue for the workforce in Europe. According to the results of an investigation in the European Union<sup>2</sup>, 9% of EU employees representing 12 million people, said they were subjected to harassment at work, over a period of 12 months, in 2000. Cases of moral harassment is more common in activities with high demands and low levels of self-evaluation of the activity.

Moral harassment should be considered an abuse, unethical and therefore unacceptable in the work environment.

Framework Directive (89/391) of the European Commission provides the basic rules on safety and health in the workplace and the responsibility of employers to prevent injuries, including those arising from moral harassment. All Member States have implemented this Directive in their own legislation.

### **Equal treatment and the prohibition of discrimination in employment relationship**

Romania, member state of the EU and the ILO (International Labor Organization), in the context of globalization, strives for progress and social justice by pursuing four objectives: job creation, social protection, social dialogue and tripartism, principles and fundamental rights in the workplace. These targets are inseparable and interdependent according to the ILO. Any breach of an objective may negatively affect the others.

These strategic objectives should be implemented only by observing the principles of equality between men and women and non-discrimination in employment. In this respect, Romania has harmonized all labor laws with EU and ILO legislation.

Thus, art. 5 of the Labor Code (Law 53/2003, as amended) is dedicated to the principle that "labor relations operate on the principle of equal treatment of all employees and employers". Any direct or indirect discrimination against an employee based on sex, sexual orientation, age, ethnic affiliation, race, color, religion, political option, social origin, disability, etc.. is prohibited.

This law synthesizes constitutional rules on the matter, respectively, art. 4 and 16 of the Constitution of Romania regarding the equality of citizens before the law and public authorities without any privilege or discrimination, and corresponding to the rules of Community law, namely Directive 76/200/EEC on the implementation of the principle of equal treatment irrespective of race or ethnic origin and 78/2000 EC Directive establishing a general framework for equal treatment in respect of employment and labor supply.

In order to respect and implement these targets, which have priority within the internal law under the provisions of the Constitution, Romania adopted the Government Ordinance no 137/2000 on preventing and sanctioning all forms of discrimination and Law 202/2002 on equal opportunities between women and men.

Under these laws, employees regardless of sex, political and union choice, social origin, age etc. enjoy equal treatment, employers being forbidden to disadvantage some in

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<sup>1</sup> \*\*\* *Hărțuirea morală la locul de muncă*, (Moral harassment in the workplace), Agenția Europeană pentru Securitate și Sănătate în Muncă, (The European Agency for Work Security and Health) <http://agency.osha.eu.int>

<sup>2</sup> \*\*\* *Cea de a treia anchetă europeană privind condițiile de muncă 2000* (The third European Enquiry Concerning Work Conditions 2000), Fundația Europeană pentru Îmbunătățirea Condițiilor de Viață și de Muncă (The European Foundation for Improving Life and Work Conditions), <http://www.eurofound.ie/publications/EFO121.htm>

favour of others regarding:

- ✓ Completion, suspension, modification or termination of legal employment;
- ✓ Setting work duties;
- ✓ The level of wages;
- ✓ Promotion;
- ✓ Application of disciplinary sanctions, etc..

Law 202/2002 regulates the measures for promoting equality between women and men, to eliminate direct and indirect discrimination on the criterion of sex in all spheres of public life; it designates public authorities for law enforcement and courts competent to resolve complaints.

Law 202/2002 introduced for the first time in Romanian law the concept of sexual harassment at work as a measure of discrimination based on sex. Romanian law criminalizing sexual harassment is an obvious sign of progress, the employers being asked to include the disciplinary rules in their interior regulations to address such events at work.

The person who demonstrates actions against his/her work rights must address the competent institutions to resolve the complaint through mediation, failing which it may address the complaint to the competent court (sections on labor disputes in the courts) or appropriate sections of administrative officials within one year after the crime was committed.

By sexual harassment, according to Law 202/2002, we understand any unwanted conduct, verbal, nonverbal or physical of a sexual nature which has the purpose or effect of injuring the dignity of the victim or creating a degrading, intimidating, hostile, humiliating or offensive environment for the victim.

Note that in the domain of labor, the application of discriminatory criteria generates a labor dispute both individually and collectively.

We consider it necessary to regulate the jurisdiction of courts to investigate and establish the facts of discrimination.

#### **Instead of conclusions**

#### **Recommendations for the practice of an ethical management of human resources**

Over the millennia, the ethical conceptions of humanity's great spiritual guides such as Confucius, Buddha, Moses, Jesus Christ or Mohammed were the most important rules for moral behavior in society.

In a paper entitled "*Proposal of an Ethical Model for Human Resource Management*", Abren J.L. and M.H. Badii, two researchers at a university in Mexico, present a model for ethical management in terms of the Zoroastrian religion<sup>1</sup>.

Zoroastrianism is a religion that originated somewhere in Persia and it is said to be the oldest existing religion in the world. It is believed that it was founded by Zoroaster in the VII century before Christ. The central theme is the idea that the world experiences a constant struggle between two contrary elements: good, personified by the god of light Ahura Mazda and the evil personified by the god of darkness Angro Mainyush<sup>2</sup>.

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<sup>1</sup> Abren, J. L.; M. H. Badii – *Proposal of an ethical model for human resource management*, [www.daenajournal.org](http://www.daenajournal.org)

<sup>2</sup> \*\*\* Zoroastrismul – religia binelui și răului (Zoroastrianism – the religion of good and evil) <http://biserica.org/ro/compendium/cărți/religiilelumii/zoroatrismul/index.html>

Zoroastrian theory of human resource management is based on the "Vohu-Ksatra" concept, joining the two words with the meanings: Vohu = good thought and loving mind and Ksatra = spirit power. Together, those two words mean benevolent power, equity and justice, all necessary to achieve organizational excellence.

The Golden Rule in human resources management is the vision of a perfect organization, which, in an environment of good will, brings together employers and employees, seeking the same goals. Echoes of the old thinking coming from the past are still alive today, promoting tolerance and progress of humanity.

In organizations, human resource management is responsible for initiating, promoting, transmitting and maintaining an organizational climate of peace and harmony, i.e. a culture of Vohu-Ksatra.

The new type of organization in our interdependent world, immersed in issues and global challenges, requires the creation of a culture of respect for diversity, for long-term vision, of responsibility for environment and community, i.e. social responsibility for the future of mankind and society.

Vohu-Ksatra encourages a powerful set of values that fuel the organizational culture. These values are manifestations of good thoughts, with strong emphasis on community, teamwork and serving others. Vohu- Ksatra connects the ethical values of the workplace: community, empowerment, equity and benevolent power, which together play an important role in achieving organizational excellence.

To implement the Zoroastrian model for human resources management, the authors of the cited paper recommend the following ideal strategy:

- Selection of human resources based on, in addition to technical skills, values and attitudes of employees;
- During the selection interview, candidates should demonstrate ability to work in teams and benevolence;
- After recruitment, to facilitate integration, employees could receive a welcome ceremony;
- Employees will be encouraged to think independently;
- Human resources programs could include a wide variety of financial and non-financial rewards;
- Promote recognition of merit and achievements of employees through the organization of ceremonies;
- Provide educational programs to strengthen ethical values of the employees;
- A well-meaning organization will not punish employees who have made mistakes in judgment, but will provide feedback and guidance for improvement, errors will be transformed into organizational development;
- Ethical values will be incorporated into the mission statement of the human resources department and of the organization in general.

This view of ethics in human resources management is not the only one to be anchored in spirituality. There is high interest among specialists to study the connection between spirituality and business. Studies have shown that the incorporation of spiritual values in organizational values have a positive impact on profitability.

We believe these ideas deserve at least further consideration.

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