

AN OPINION ABOUT HR`s MISSION IN ROUGH TIMES

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ABSTRACT

A culture preoccupied solely with money yields to a cynical behaviour and lack of interest for the individual's problems and necessities. Capitalism, as we now see it, was driven by the lowest motivations: greed and individualism. Nothing good would ever grow having a negative motivation at its base. The survival capacity of a company is decisively enhanced by the quality of its moral standards. At this point the role of the human resources department could - and should - be of great substance. They must redefine themselves and their role, leading the way in pointing out the motivations that would drive to a more appropriate business culture. They are the conscience of the CEO, and they bear the responsibility of raising the whole game that business plays.

KEYWORDS: *human resource, business culture, social awareness of business*

Introduction

Danah Zohar was writing in his book, *Spiritual Capital*, in 2004: „Our capitalist culture and the business practices that operate within it are in crisis. Capitalism as we know it today – an amoral culture of short-term self-interest, profit maximisation, emphasis on shareholder value, isolationist thinking, and profligate disregard for long-term consequences – is unsustainable. It is a monster set to consume itself.”

Capitalism is indeed in a crisis, and the monster has destroyed itself.

Wall Street was responsible for its own death, it was a kind of suicide through negligence. It has lived and died because of the unleashed force of the capitalist market system. It has died killed by its own excesses, just as John Belushi, Jimi Hendrix, Janis Joplin or Jim Morrison have done. (Young, 2009)

The present crisis is the last one in a long series: Enron, Worldcom, Adelphia or the Savings and Loan scandal. Thousands of billions of dollars belonging to investors and pension funds have disappeared, just like numerous jobs because of unscrupulous executives, managers, accountants, bankers, politicians, auditors and lawyers. (Mills, 2003). So this is not the first time when the market capitalism has failed.

It still needs to be said, however, that the present crisis represents the most recent and the most serious consequence brought about by the neglect of ethics and responsibility in the decision-making process within the business environment.. (Young, 2009).

The dysfunction of the financial markets which caused the great financial crisis in 2008 was caused by the chase for money. There is something fundamentally wrong in an economic system that is inherently dominated by greed and concern only for the personal interest.

In 1991, the Pope John Paul the Second presented his vision of the world beginning with the fall of the Soviet block. Communism was over, but in its place there hadn't appeared, he suggested, the Clean Capitalism. He denounced "the consumerist society" which tries to prove that "it can reach a higher satisfaction of the human material needs than Communism had reached, excluding at the same time the spiritual values", and he advocated the idea of a "moral" capitalism.

1. Adam Smith and the Moral Capitalism

Moral capitalism is not new. Adam Smith, the symbol for the supporters of the free market wrote "The Theory of Moral Sentiments", a work that is generally overlooked, in which he insisted on our need to help others who are less fortunate than us, a work written 17 years before his better-known essay published in 1776 - "The Wealth of Nations". He claims that, when they are trying to obtain what is better for themselves, people are also creating prosperity for others, so that more people acting in a similar way will generate prosperity for even more others. Yet Smith also assumed that the individuals were able to act according to their own interest seen from the perspective of the whole.

Stephen Young (2009) pointed out that in his masterpiece, The Theory of Moral Sentiments, Smith shows that an essential condition for any just society lies in the moral character of its people. Adam Smith considered that the selfish propensity toward power can be repressed and he also talked about the natural inclination of human beings towards compassion, about the innate ability to perceive what the other people feel and wish. Smith suggested, in fact, the creation of a moral capitalism, not of the greedy one.

His belief in the human capacity called moral conscience justifies the trust Smith puts, in his essay in 1776, in the private property.

The markets are, according to Smith, the result of negotiations, of commercial transactions. He is aware that, by generating jobs and profit, the markets determine the social prosperity, an objective that is not undermined, hence, by the personal interest in itself. Rather, it can be said that, just like an invisible hand, the rational person's self interest helps the search for personal advantage acquire a social value.

In his concern for the poor and for supporting the institutions that deal with health, education and infrastructure, Smith believed there has to exist a healthy and balanced public sector. He also pointed out the importance of structures of prosperous communities, of the regulating institutions and of the role that values must play in our lives. Those who use his name and portions of his writings in order to justify the profligate greed and the irresponsible risk that have led to the current crisis are ignoring this aspect of his work.

Furthermore, Carleen Hawn, an economic journalist stated in 2008: “The spiritual father of the spiritual capitalism is neither Mahatma Gandhi, nor Dalai Lama. It is Adam Smith. After all, there is a reason for which his most famous book is called the *Wealth of Nations*, and not *The Wealth of Individuals*. Smith maintained that the free market – in which “every man, as long as he doesn’t violate the laws of justice, is allowed to be perfectly free to pursue his own interest in his own way, and to use both his knowledge and his capital in competition with every other man” – is the best way to create wealth. He also maintained that the benefits of the free market should not only increase the prosperity of individual people, but also that of the society as a whole.”

2. HR`s moral mission

There is a quite prevalent prejudice, according to which ethics and social corporate responsibility would imply only costs for the business environment, and for this reason only those companies with a significant cashflow can afford to have an ethical and socially responsible behaviour. This prejudice reflects a mistaken understanding of the concept of ethics in business. From this perspective, ethics is nothing else but a form of charity that is dependant on the existence of certain sums of money in sufficient quantity to be shared by those who are fighting for a good cause.

Actually, ethics represents more than just works of charity. Ethics in business concerns the way in which companies are managed and the way in which the relationships between companies and stakeholders are managed.

„Most of us are used to think in a linear way: if this is true, than the other is false”, says Terry Molner, the cofounder of Calvert Group, a company of socially responsible investments. “If I care about profit, then I can’t afford to care about pollution. But now we find ourselves in a new era of collective consciousness in which priorities don’t have to be hierarchical. The whole hierarchy is in the service of the common good, including the making of profit”.

The moral capitalism is not, therefore, a game, in which the profit equals the losses, but a holistic approach of business which is becoming very rapidly more, much more than the sum of its parts.

A culture which is excessively concerned about money breeds cynicism and indifference towards the tragedies of life and the needs of people.

The moral capitalism implies that the business people should use their power of decision to analyze and balance their own inner drives, such as greed and all the other temptations. The moral capitalism implies an area as big as possible in which virtue and personal interest overlap. (Young 2009). This is the point where the role of the HR department becomes fundamental.

The Human Resources Department has always been the “pure relationship” within the business culture; its training programmes, its social initiatives and its personnel-protection schemes are always the first to be forgotten in times of crisis. The HR Department must hence redefine itself and reformulate its role, thus

inspiring a way which will revitalize the motivations and upgrade the business culture.

The HR department is in fact the public sector within the private sector. It is the social conscience of the CEO and it bears the responsibility of raising the stake of the game – of the entire game of business life. It can fulfill this moral responsibility by highlighting the premises and motivations that have thrown the business environment into the current crisis and by conceptualizing new ones, healthier ones, the ones that will bring it back on track. This can be done, according to Danah Zohar (2009) by following the next 5 principles:

1. Instilling a sense of Holism. Educating the CEO and the other leaders by making them understand that the business is not an island and that they can't ignore whatever lies outside their organization. What the business does affects all of us, and if it is driven only by greed and selfishness it will not only affect its people, its community and its environment, but it will also self-destroy.
2. Reframing. Questioning the shareholder's taboo position as a "sacred cow" and reevaluating the position of the client, the supplier, the employees and the other stakeholders.
3. Being Vision and Value Led. Redefining the business as creator of prosperity for the entire society and understanding that the corporate taxes are a patriotic opportunity, not something to be avoided. Formulating values for the company which strengthens a higher sense of mission and of the role that the business has to play. Living according to a scale of values may bring meaning to our life. This in turn will raise the morale, will increase productivity and creativity.
4. Having a Sense of Vocation. Replacing the arrogance with modesty and encouraging the business to join others in serving the community, the environment and the future generations. The higher purpose of the Human Resources Department is perfectly stated by Aristotle, who says: "It is clear that, as far as economy is concerned, people are of greater value than material goods and the quality of the human resources must be more carefully checked than the quality of goods that create wealth." By fulfilling its moral mission, the HR Department will lead to the prosperity of its employees. And a company which brings its employees to prosperity also enriches itself and the entire community.
5. Making Positive Use of Adversity. According to the Noble Prize winner Amartya Sen, the crisis is "an opportunity to treat the long-term problems in a moment when people seem willing to reconsider traditionally accepted conventions".

Conclusion

The field of HRM has had to redefine itself in the past - it will need to redefine itself now. HR needs to be designed around different priorities. They need to get off the fence and start to build a new leadership vision. Three words become important: ethics, value, integrity.

Tough times require strong leadership. This is true for HR leaders as well. Strong leadership is strategic, focused on results and aligns people and processes to vision and values.

The current challenge leader's face is not just intellectual but emotional and spiritual. They need more than ever to feel emotionally connected, intellectually confident, ethically directed and physically well.

Leaders need to know that there is no contradiction in leading a balanced and fulfilling life, creating organisational cultures that offer the same opportunities to employees, contributing to society and making a profit or hitting a target.

This virtuous cycle starts with leaders who have courage, vision, passion, healthy bodies, emotional intelligence and soul. As Einstein said, we will not solve our current problems at the same level of thinking that got us into them in the first place.

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