



Research Paper

Ethical Issues in HRM – Balancing Organizational Goals with Employee Rights

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Abstract

Human Resource Management (HRM) is responsible for balancing organizational interests with the rights of employees, and this leads to a dynamic ethical environment. Organizations aim to be productive, profitable, and competitive, but employees want just treatment, employment security, and respect for their rights. Conflict of interests generates ethical challenges where ethical decision-making is required in order to attain harmony and longevity.

Keywords: Human Resource Management, with Employee Rights, Employment opportunity

I. Introduction

This essay discusses major ethical concerns in HRM, including discrimination, privacy issues, equitable remuneration, workplace harassment, and the well-being of employees. Discrimination in recruitment, promotions, and workplace practices is still a major issue, requiring strict compliance with equal employment opportunity legislation. Privacy issues have grown with increased digital monitoring, prompting questions about the ethical boundaries of monitoring employees' activities. Compensation ethics are concerned with guaranteeing equitable pay, fair wages, and reasonable executive compensation. Sexual and psychological harassment in the workplace is another ethical issue that necessitates active intervention and stringent policies for prevention and redressal.

Balancing organizational interests with workers' rights requires the creation of a culture of ethical leadership and corporate social responsibility. Organizations need to create HR policies that emphasize transparency, accountability, and inclusivity. Ethical decision-making models, including utilitarianism, deontology, and virtue ethics, offer guidance for resolving HR-related ethical dilemmas. For example, while a utilitarian model might prioritize maximizing overall organizational benefits, a deontological approach stresses duty-bound compliance with ethical principles even at the expense of short-term business interests.

Legal frameworks like labour laws, anti-discrimination law, and protection of whistleblowers offer guidelines on ethical HRM practices. Conformity with laws is still not enough, though; the firms need to transcend legal requirement and inculcate ethical virtues in the organizational culture. Ethical HRM helps in maintaining long-term business success by maximising employee contentment, reinforcing trust, and minimising labour turnover.

The position of HR professionals is central in enforcing ethical policies and their proper implementation. Ethical training sessions, open grievance redressal systems, and periodic ethical audits enable organizations to uphold integrity in HRM practices. Ethical leadership within HR functions becomes a benchmark for ethical behaviour in all levels of an organization. Additionally, involving employees in decision-making processes can further enhance ethical HRM so that policies become fair and inclusive.

In summary, ethical HRM is crucial to sustainable business practices and the health of employees. Balancing organizational objectives and employees' rights depends on adherence to ethical values, compliance with law, and the proactive resolution of ethical issues. By integrating ethical considerations into corporate strategies and HRM policies, organizations can enjoy long-term prosperity while creating a healthy and equitable workplace culture.

II. REVIEW OF LITERATURE

Matimbwa H. (2024) conducted research on, “Ethical Dilemmas in African Human Resource Management.” This research considers ethical dilemmas in African human resource management, focusing on two main areas: core HR activities like recruitment, performance appraisal, and compensation, and striking a balance between company and employee interests. The research analyzed information from 65 journal articles based on systematic qualitative synthesis and nomothetic-based content analysis. Bribery and corruption, misbehaviour, nepotism, and prejudice emerged as key ethical challenges. In order to tackle these challenges, the report suggests open recruitment processes, regular ethical training, gender and diversity policies, and whistleblower protection mechanisms. Complete ethical frameworks have the potential to minimize challenges while also enhancing the legitimacy and effectiveness of HRM practices in Africa.

Fathi (2023) conducted research on, “Balancing Ethics and Performance: Tensions and Dilemmas of Performance Management System Providers when Facing Ethical Considerations.” The research explores the ethical implications of designing performance management systems (PMS), such as minimizing bias, maintaining transparency, protecting privacy, fitting different roles, abiding by the law, integrating diversity, prioritizing human factors, encouraging discussion, and enabling employees. It also names issues such as reconciling standardisation and customisation, fairness and diversity, employee growth and organisational norms, openness and confidentiality, avoiding or explaining bias, and maintaining ethical principles while addressing functional requirements. The results assist developers of PMS in balancing between ethical absoluteness and practicality.

Saks A. (2022) conducted research on, “Caring human resources management and employee engagement.” Employee engagement studies have indicated that human resource management (HRM) practices and systems have a positive effect on engagement. It is, however, unknown what the most important HRM practices are for employee engagement, as well as what theoretical mechanisms lie behind this relationship. In this study, the authors suggest a model of caring HRM and employee engagement based on engagement, organisational climate, and strategic HRM research. By the model, there will be an organisational climate of care and concern for the employees by implementing a system of caring HRM practices like job design, training, flexible work arrangements, work-life balance, decision-making participation, health and safety, career development, and health and wellness programs. These caring HRM practices will contribute to higher levels of engagement. This model offers potential avenues for future research and practice on HRM and employee engagement, presenting the notion of a caring HRM system to the empirical literature of employee engagement.

Anwar G. (2021) conducted research on, “The Impact of Human Resource Management Practice on Organizational Performance.” The current research examines the influence of human resource management on government institution performance. In a fast-changing economic climate, with trends like, globalization, increasing expectations of investors and customers, and growing products in the market competition, the Government institutions constantly attempt to advance their performance by reducing costs, updating products and processes, and enhancing quality to compete and survive in the environment. A quantitative research approach used to examine the present study. The Sample Size chosen for the present study is 240 respondents. The findings indicated that all hypotheses were rejected except fifth hypothesis which read as "Decentralization is positively associated with organizational performance". Therefore, it was inferred that decentralization have a positive association with the organizational performance.

Braga B. (2021) conducted research on, “An Institutional Approach to Ethical Human Resource Management Practice: Comparing Brazil, Colombia and the UK.” This study examines the influence of contextual considerations on human resource management, in this case ethical HRM. The study, drawing from 59 in-depth interviews with HR practitioners in Brazil, Colombia, and the UK, theorises how they make sense of the ethical aspects of their work within their home contexts, and how the institution shapes their behaviour. It explores three broad themes: views of ethical HRM, responses to perceived ethical dilemmas, and the influence of institutional forces and ideas. The research offers a 'emic' view of this growing problem and calls for more global comparisons of ethical HRM practice in contemporary organisations.

Angonga M. (2019) conducted research on, “A theoretical Account of Human Resource Management Practices, Ethical Work Climate and Employee Ethical Behaviour: A Critical Literature Review.” Human Resource Management Practices aim at the effective utilization of human capital within an organisation through motivating, attracting, and retaining people possessing competences that will give the organisation a competitive advantage. The individual and collective employee behaviour is pivotal to gaining the trust of consumers and stakeholders. Ethical behaviour aligned with stakeholder expectations also depends on the work environment provided to employees. Ethical work environments are social environments lived by employees and stakeholders which affect their conduct in the organisation. Organisations have attempted various ways of

regulating employee conduct, such as using codes of ethics for compliance. Nevertheless, constructing an ethical work environment is at the top of the agenda for HRM, and it is essential to positively foster ethical principles across the organisation.

RESEACH GAPS

- Limited cross-regional comparisons: Studies mostly focus on individual locations, resulting in a narrower analysis.
- There is a gap in understanding the relationship between ethical HRM and organisational performance.
- Insufficient research examines the long-term impact of ethical HRM methods on employee engagement, workplace culture, and organisational development.
- There is limited empirical evidence on the practical challenges of implementing ethical HRM practices.
- Lack of employee perspectives: Research focusses mostly on HR experts' points of view, ignoring employee perspectives.
- Ethical problems in digital HRM: The literature fails to address ethical quandaries arising from AI-driven recruitment, employee surveillance, and data privacy concerns.

RESEARCH METHODOLOGY

Objectives:

- To identify common ethical dilemmas in HR.
- To examine organizational strategies for addressing these dilemmas.
- To evaluate the effectiveness of these strategies and propose improvements

Variable:

- Independent Variable: Organizational Ethical Climate
- Dependent Variable: Employee perceptions of ethical balance.

Research Design:

- As for this research **Descriptive research design** as this text describes ethical dilemmas in HRM, organizational strategies, employee perceptions, and current ethical HR practices, focusing on the balance between company goals and individual rights.

Universe:

- HR Professionals in different companies of Vadodara city is the universe of the study.

Sample:

- A sample of 15 HRs is collected from Vadodara City.

Sampling Method:

A sample of 15 HRs is collected with the blend of snowball sampling method.

Tools of Data Collection:

Primary Tool – Questionnaire for telephonic interview.

Secondary Tool- Research Studies, Journals, Internet & Documents.

Data Analysis & Interpretation:

The data will be analyzed and interpret through Thematic Analysis & Case Study.

Operational Definition:

HRM

HRM is the administration of an organization's human capital, which includes recruitment, selection, training, remuneration, performance management, and employee relations, all while adhering to ethical guidelines that ensure fairness and respect for employee rights.

Work Ethics

Work ethics, encompassing honesty, integrity, responsibility, fairness, and respect, are essential moral principles in HRM to foster trust and ethical conduct in the workplace.

- **Organizational Goals**

Organizational goals, often related to profitability, growth, market share, and efficiency, can lead to ethical dilemmas in HRM when they conflict with employee rights or well-being.

- **Employee Rights**

Employee rights are fundamental entitlements and protections provided by law, contract, or ethical principles, including fair wages, safe working conditions, freedom from discrimination, privacy, and due process.

Limitation:

1. The time for conducting study, was also very limited.
2. HRs were giving answer in a not so gentle way.

III. RESULTS & DISCUSSION

The research evidence supports that there is still the need for ethics-related challenges in Human Resource Management (HRM) across many different industries and organizational performance as well as for workers' welfare. The main ethics-related dilemmas like discrimination, favouritism, workplace harassment, insufficient recruitment transparency, and unethical employment practices were revealed to be pervasive. Bribery and corruption also remained major issues of concern, mainly in those parts of the world where the enforcing of regulation was poor. These unethical behaviours foster a culture of mistrust among workers, impede workplace diversity, and erode the credibility of HRM activities. Ethical HRM practices are needed to counter these issues, but most organizations find it difficult to implement them because of conflicting business priorities, resistance to change, and leadership limitations. Differences in labour laws between regions also make it difficult to standardize ethical HRM models, and it becomes hard to ensure compliance among multinational companies.

The effect of ethical HRM on employee performance and engagement is an important area of research. Employees in organizations with effective ethical policies were found to have higher job satisfaction, higher motivation, and higher commitment to their jobs. When HRM practices emphasize fairness in hiring, equal opportunity, and non-bias performance assessments, employees get a sense of value and empowerment. This promotes higher workplace productivity and a feeling of belongingness. On the other hand, workplaces that abandon ethical HRM tend to experience increased turnover rates, workplace discord, and diminished morale, and thus lower organizational effectiveness. The existence of unethical behaviours, including nepotism and favouritism, leads to the undervaluation of employees, which causes dissatisfaction and reduced efficiency. Moreover, organizations with unclear HR policies face issues with employee trust, which can affect performance results and constrain the overall development of the organization.

The connection between ethical HRM practices and organizational success was another major finding. Firms that instituted ethical HRM practices like open recruitment practices, diversity and inclusion programs, and whistleblower protection exhibited better performance. These ethical initiatives were associated with stronger employer branding, improved retention of employees, and a more favourable organizational climate. A firm's reputation for ethical HRM can be a powerful competitive tool, drawing the best talent and creating a committed workforce. Ethical HRM practices also contribute to the firm's long-term sustainability by providing assurance of compliance with labour legislation and corporate social responsibility efforts. Firms that do not incorporate ethical HRM practices end up suffering from reputation loss, legal penalties, and difficulty in sustaining a loyal workforce. Ethical compliance not only favours employees but also upgrades the firm's image among the public, emphasizing the value of ethics in HRM.

Even though ethical HRM has been proven to be beneficial, organizations encounter several challenges in adopting these practices. One of the major challenges is resistance to change, as ethical policies tend to necessitate changes in conventional HR frameworks and business strategies. Leadership commitment is also a key factor, as without the support of top management, ethical HRM policies are ineffective. Furthermore, discrepancies in labour laws of various nations add to the complications, making it challenging for multinational companies to adopt uniform ethical HRM practices. HR professionals need to overcome these issues by developing a culture of ethics within the company, promoting compliance with legal principles, and regularly involving employees in ethics awareness schemes. Frequent ethics training, open decision-making, and clear grievance redressal can help overcome these impediments.

The discussion underlines the importance of harmonizing ethical HRM and organizational goals in order to build a sustainable workplace. Ethical issues in HRM typically surface when organizational objectives collide with ethical duties, creating problems for HR professionals in being fair and just in making decisions. Following clear HR policies, applying codes of conduct, and establishing open communication are strategies that can

minimize these dilemmas. The research validates that moral HRM positively affects employee commitment, as businesses that value equity, career development, and work-life balance demonstrate greater motivation and lower turnover levels. In addition, ethical HRM practices foster employee empowerment by ensuring diversity and equal opportunities for development and career growth.

Organizational effectiveness and ethical adherence go together since ethical HRM does not limit business success but supports corporate image, boosts worker loyalty, and maximizes productivity. Ethical organizations have higher chances of getting the best talents and keeping them, thus becoming more efficient and enjoying long-term development. Conversely, businesses that fail to address ethical HRM experience reputation risks, legal actions, and difficulty in having a productive labour force. Setting clear moral standards and HRM strategy alignment with business goals assures that organizations act ethically while remaining profitable.

Operational implications of ethical HRM emphasize the necessity of organizations to implement formalized ethical decision-making processes. This involves frequent ethics education, leadership dedication, and clearly defined grievance procedures which offer workers a protected environment to report unethical conduct. HRM departments should adopt proactive strategies to achieve ethical compliance and an atmosphere of responsibility. Policymakers must also endeavour to harmonize labour regulations around the world in order to develop a standardized ethical system of HRM so that industries follow uniform standards of ethics. Ethical HRM cannot be treated as a compliance requirement but more as a strategic investment that supports the overall efficiency of an organization.

In conclusion, ethical HRM plays a crucial role in fostering a productive and inclusive work environment, benefiting both employees and organizations. Organizations that prioritize ethical practices experience higher levels of employee satisfaction, improved organizational performance, and long-term sustainability. Future research should focus on exploring the long-term impact of ethical HRM strategies and developing actionable guidelines for effective implementation across various sectors. Through the incorporation of ethical principles in HRM, companies can develop a work environment that promotes fairness, transparency, and ongoing improvement, ultimately resulting in a healthy and sustainable workforce.

IV. CONCLUSION

Ethical HRM is a key determinant of both organizational success and employee welfare. The research has underscored the frequency of ethical issues in HRM, the effects of ethical and unethical strategies on employee motivation and organizational effectiveness, as well as the obstacles to the adoption of ethical policies. Though organizations are aware of the significance of ethical HRM, most are unable to incorporate ethical considerations into their business strategies because of resistance to change, cost pressures, and uneven regulatory regimes.

A main lesson that is drawn out from this research is that ethical HRM practices are a major contributor to employee happiness, organizational morale, and sustainable business success. Organizations that place emphasis on ethical recruitment, equitable compensation, workplace diversity, and open communication are likely to have higher employee retention rates, enhanced productivity, and better reputation. However, those that fail to emphasize ethical HRM run the risk of high turnover rates, legal exposure, and reputational loss.

In order to implement ethical HRM effectively, companies need to inculcate an ethical culture from the top level. Leadership commitment is critical in making sure that ethical values are not mere paper policies but are actually practiced within the organization. Ethical training programs, transparent grievance mechanisms, and whistleblower protection policies can also enhance the ethical base of HRM practices.

In addition, organizations need to evolve with changing labour laws and ethical standards within a globalized workforce. Implementing uniform ethical HRM guidelines in various geographies will demand the cooperation of governments, industry, and global labour organizations. The regulatory bodies will have to make sure that ethical HRM is not just promoted but enforced through legislation and compliance regulations as well.

The research in this study implies that although ethical HRM is an effective vehicle for promoting a positive workplace, its effectiveness rests on an integrative approach blending leadership commitment, employee participation, and robust regulatory support. Further research is necessary to examine the long-term effect of ethical HRM initiatives on corporate sustainability and career development for employees. Moreover, comparative research across industries and cultures can offer more in-depth understanding of the best practices of ethical HRM in various organizational contexts.

Finally, ethical HRM is not only a moral requirement but a strategic imperative in the current business environment. Organizations that make investments in ethical HRM practices will not only improve employee well-being but also long-term sustainability and competitive edge. The future of HRM is to balance correctly the accomplishment of business goals and adherence to ethical values to create a work environment where there is trust, fairness, and organizational excellence.

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