

**HRD by Ethics a contemplative persuasion towards Employer Brand Sustainability****Anupriya Srivastava, Research Scholar****University Of Allahabad****Abstract:**

*A country which follows the ideology of “**surve bhavantu sukhinah**”(may every be happy) and having criminal involvement then how it can be possible to acclaims its ideology if people are victims of corporate criminal behaviours. As it is always common and innocents people who suffers from unethical activities of corporations. Crimes are not result of an overnight work but in fact it's the result of gingerly approach of human resource of an organization. They (Humans) initially like 'Phytovorous' and moderately become dangerous 'Cannibalistic'. A reference of Enron of India-Satyam Fraud of 2009 is also explained with regards to how this step-by-step give birth to a scandal. How Ethic as a panacea work to develop an ethical culture to detect & wipe-out debris from the organisation. This is a descriptive study and the information drawn from secondary sources. This paper is explaining how this un-ethicality can be minimised through HRD by ethic and how an ethical value-based ecosystem will result in curtailing the fraudulent tendency of humans in organisation. Further it conveys the motives behind the fraudulent tendency in HR and how HRD by ethics can miniaturize this un-ethicality. How value-based ethical culture motivates human resource to follow the rule-based system by heart. “HRD by ethics will corollary in ethical human resources which will resultantly develop an ethical organisation which leads to enhance employer branding and finally enrich organisational sustainability”.*

The paper suggested the **ECTM** (Ethical Compliance and Testing Mechanism) of Human Resource reporting system because implementation of ethics should be supported by a proper testing and reporting mechanism. This ECTM can be the basis of further studies and parameters of ECTM.

**Keywords:** Ethics, Ethical culture, HRD, Sustainability, Employer Brand, Crime

## Introduction

Corporate scandals and scams in last decade revealed about major violation of ethics and moral codes & conduct. Corporate Crimes (white collar crime & unethical behaviour) and scandals are not just like thing, these frauds don't happen overnight and randomly but it is backed up by a continuous hidden unethical practice by individuals. This is not only result of individual criminal tendency but also result of organisations irresponsibility, which is just like a green signal for them to pursue their wrong deeds.

Human Resource Development is that continuous planned process which helps an employee to well equipped his/her personal capabilities & acquire new developmental up gradation for the ever changing dynamic ecosystem of business world in a pro-active way.

HRD and Human Resource policies are generally (except by birth psyche) the reason behind the work practices of employees in any organisation. If organisations' human resources are having low ethicality and criminal tendency in them, then it finally results in hampering the growth and sustainability of employer brand. Well said by Bryan Roub- *'good ethics is good business.'* This all suggests that in order to promote and sustain business ethics in an organization, HRD needs to engage in a range of activities, which include: the identification of organizational values, the creation of mission and vision statements and of compliance and ethics codes, provision of ethics training at all levels of the organizational hierarchy, and incorporation of ethical decision-making in all organizational change and leadership development initiatives. The main function of HRD needs to be organisation integrity and ethical development centred. An organisation which has ethical culture will produce productive and creative, free mind through ethical HRD programs which finally results in employer branding and sustainability of organisation.

## Objectives

This paper will try to develop the understanding regarding (i) the role of ethics & its relation with HRD and why ethics have a centrifugal role in HRD, (ii) employees criminal involvements and how HRD can fill up these loopholes; (iii) role of HRD in institutionalising of ethics in a business organisation through ethical culture and (iv) role of organisational culture leads to sustainable contemplative persuasion of employer branding.

## Crime and Ethics: The Paramount Challenges

The importance of understanding the cultural roots and perceptions of criminal behaviour motives, bribery, fraud, and corruption is paramount in today's corporate world. In criminology, unethical involvement or white-collar crime refers to crime committed either by a corporation (i.e., a

business entity having a separate legal personality from the natural persons that manage its activities), or by individuals acting on behalf of a corporation or particular employee for his own benefit. Scandals are results of many daily unethical practices like bribery, corruption, dishonesty, false report/statement, misappropriation, confidence game, mail/wire frauds, embezzlement, etc. But all these practices never get our attention and this small step-by-step approach of un-ethicality leads to big fat crime. Some perverted and greedy people like Ramalingam Raju (behind biggest corporate crime-Satyam scandal), Khetan Parekh, Harshad Mehta( or popularly known as 'big bull' who is behind the Bombay stock exchange security scam of 1992, Sudipto Sen (the latest Saradha Group Financial Sam of 2013, which was caused by the collapse of a Ponzi Scheme) etc.

Edwin H. Sutherland (1949), *White Collar Crime*, { Dryden Press, New York, } given his classical Fraud Theory, in which he tried to explain that behind unethical behaviour individuals generally have 3 reason : pressure(stress), opportunity & rationalization. All this influence compels an individual to engage in unethical behaviour. It can be financial needs for extravagant lifestyle, or his greedy mentality, his status or social backwardness, eternal non-satisfactions, peer supremacy, etc; sometime this pressure is result of favouritism, nepotism & biasness. And most important their mentality of not being caught & if in case they caught then nothing serious will happen. For instance, an employee with a lavish lifestyle beyond his salary, or sales or income decreasing while accounts payable and receivable are on the rise. The company's line of credit being used to its limit for long periods, significant excess inventory or an increasing number of adjusting journal entries at year-end. It is result of ignorance of organization and human resource policies and practices loopholes that leads above mentioned criminal mentality in human resources. This loopholes or lack in implementation of policies generated a tendency of crime & fraudulent behaviour. As they know that they are much smarter than the policies and law maker, as if they know all those loopholes better and use them for their benefit in hidden way until caught through a big scam. A wrong work of one may benefits his/her for time being but finally results in damaging the organisation. This way, human resources starts infecting organisational environment and spreading like a snow poison.

All of these problems are because of weak ethicality of Human resource in organisations. Now we need to know what ethics is and what its having such hegemonies place in present business ecosystem and its violation coverts a mosquito into leech.

*'A set of concepts and principles that guide us in determining what behaviour helps or harms sentient creatures'.*

- Richard Paul & Linda Elder

Corporate ethics or business ethics is a form of applied ethics or professional ethics that examines ethical principles and moral; or ethical problems that arise in a business environment.

*'There is neither a separate ethics of business nor is one needed, implying that standard if personal ethics cover all business situations'.*

- Peter f. Drucker

According to Carroll and Buchholtz (2008), ethics "is the discipline that deals with what is good and bad and with moral duty and obligation" and can "be regarded as a set of moral principles or values" (p. 242). The definition have two part which defines the ethics in a very clear way: understanding what is good and bad (shared value of organizations or corporate governance policies, rules, laws and regulation) & a focus on moral duty and obligations (toward its stakeholders internally employees and externally shareholders, society, environment and world).

Organisations can minimise its Human Resource fraudulent tendency by more & more use of ethical codes, ethical training & development programs, ethical training conduct reporting & most important their implementation. A person who knows what he/she wants from his life and what is the path for himself/herself feel relaxed and much focused and this contemplative persuasion towards his goal attainment is the aim of Human Resource Development. HRD tries to develop a mechanism which leads its organisational sustainability through its individuals. So for making employer branding its employee first should be ethical and the organisation internally should be ethically developed and trained then in a continuous way.

Based on a series of qualitative and quantitative studies, Ardichvili, Mitchell, and Jondle (2009; 2011), developed a model (**CEBC Model – research supported by the Center for Ethical Business Cultures**) of five characteristics of ethical business cultures. The five characteristics are:

**Values-Driven**, (internally value-based culture accompanied with rules)

**Stakeholder Balance**, (all stakeholders are equally important, and focus on employees)

**Leadership Effectiveness**, (the torch-bearer of the org. he motivate HRs to follow his ethicality)

**Process Integrity**, (the HRD which inoculate step by step ethical integrity of org.)

**Long-term Perspective**, (real long sustainability of the organisation.)

The above mentioned CEBC model is such a sequential approach of developing ethical culture in an organisation. This model explains the real standard under which the ethicality of an organisation can briefly stated.

### **HRD by Ethical Culture**

According to Schein (1985), organizational culture is a set of learned responses where “basic assumptions and beliefs that are shared by members of an organization...define in a basic “taken-for-granted” fashion an organization’s view of itself and its environment”

Schein [1992], defined 2 main reasons behind why culture develop in a corporations? Due to external adaptation and internal adaptation. *External Adaptations* reflects an evolutionary approach to orgs. culture & suggest that where developed and persist because they help the orgs. to survive and flourished. *Internal Adaptations* is an imp. function since social structures are required for organizations to exist. Organisational practices are learned through socialization at work place.

*“For some culture is considered the ‘Glue’ that holds an organization together & for others, the ‘Compass’ that provides directions.”* Ethics & culture, traditionally classed among the “**soft**” issues but now it’s a hard nut to crack. Same as scams are not result of random act developing an ethical culture is also not a one-day match trophy. As said by Gnazzo-“*culture can’t happen overnight. You can write the values overnight, but culture is not imbedded until you act on the values enough times that you’re known for it*”

An organisation needs to develop an “**ethical culture**” with strong rule-based policies. *This is true that a policy can have a loopholes but a person who is living in an ethical culture, have strong belongingness, trust-worthiness towards work & organisation atmospheres; where ethics and value is just like air which he/she is continuously and voluntarily breathing probably can’t have a loopholes.* These values are “...basic determinants of human behaviour and social attitudes,” and are defining “what is desirable and acceptable to an individual (personal values) or a society (societal values).” (Dion, 1996, p.333).

According to Schminke et al. (2007), in organizations where values-based approaches are implemented, employees act ethically not because they are afraid of punishment, but because they share the ethical values of the organization and its leadership. On the other hand, rules-based approaches are less effective than values-based approaches. However, to be effective, values-based programs need to be supported by well-thought-through rules-based programs as well.

This is true that we can make a wide guidelines and rule-based HRD and HR policies and programs for the organisation but as said human have tendency to break rules (as the line rules are mend to break). So instead of being rules-based an organisation should try to be value-based. Now question arises how we can develop this value based programs for HRD

Building a viable ethical culture inside an organisation is always a daunting challenge. We can't bestow a company with socially responsible title only by its philanthropic works, donation, fulfilling environmental norms, presenting good financial standard based statements, etc, but its internal ethicality is equally important. A very good line said by Roub- "you are not allowed to an honest mistake. It's a violation of the law, you have ruined your career, may be even ruined your life."

A model for processes and systems, developed by the Ethics Resource Centre, is comprised of six components: 1) development of formalized policies identifying ethical conduct and creation of codes of ethics; 2) ethics- related training; 3) ensuring the availability and access to advice or information on ethically challenging situations; 4) mechanisms for and encouragement to report misconduct; 5) processes to investigate and discipline employees for wrongdoing; and 6) inclusion of ethics considerations in the employee performance review process(ERC,2005) (Ardichvili, 2011)

#### **Conclusion:**

PwC,s Kipp- " in order to achieve compliance with the law, you have to build an effective ethics & compliance program & an effective culture of ethics & compliance."

An ethical person does right and also make other to do so. Applying principles of the ***cultural-historical theory of development*** (Cole & Engeström, 1993) we can say that the emergence of ethical business cultures is inseparable from the development of individual moral identities of organizational participants. This development occurs in the process of participation in work and learning activities, ethics work training, staff development governance programs, participation & staff involvements, a law and regulations manuals, policies disclosure and is mediated by the interaction between organizational members, environmental factors, and organizational tools and (including codes of conduct, training programs and materials, value statements, etc.). An ethically developed, corruption-free & open mind is productive and creative mind. There is continuous need of ethical development programs, need of teaching and learning of ethics at every level of organisation.

When it comes to promoting ethical business practices, most business organizations focus on two main strategies: the creation of training programs, aimed at the creation and enforcement of procedural frameworks for regulating business behaviour and increasing ethics and moral awareness among employees of the organization (Schminke et al., 2007). Codes only work like a compass which can give us direction but it's the HRD programs and policies of any organisation which converts these codes into the culture of organisation. *Developing codes of conduct and procedures for reporting ethics violations is a necessary condition.* However, these formal procedures cannot guarantee the success of ethics programs on their own.

Ethics emerges as an indispensable part of Human Resource Development in past decade. The paper reveals the interrelationship between HRD and Ethics. Development through ethics is an inspiring thing but ethical reporting & testing is more important. This paper is to suggest an **ECTM: ethical compliance & testing mechanism**. The report of this ECTM of internal Human Resource should be the base of HR policies and HRD programme. Through this we can check our Human Resource unethical work, punishment and proper reporting channel. We can have ethical officers at every department of an organisation who mandatorily check HR work and practices and also report it to the head of organisation. The reporting should be published after statutory verification.

**“HRD by ethics will make ethical human resources who are fertile and who converts the organisation into ethical organization results in enhancing brand image of the employer which leads the organisational sustainability.”**

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