

Ethics & Digital era of Human resource management: Trends in Indian corporate Hr practices

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Abstract

This paper has become imperative in view of studying Ethics parameters and latest trends in adopting IT for human resource management. Ethics refers to the principle of conduct governing an individual or a group. This paper examines ethical HRM practices in work organisations and impact of technology on different H R functions apart from HRIS (Human Resource Information System) and Database Management, covering the technological changes in the areas like Recruitment, Training & Development, Performance management, ESS & Workflow management with a view to achieving employee well-being, satisfaction at work and organisational performance based on theoretical and practical insights.

Keywords: Ethics, Human Resource Management, Work Organisation, Electronic Human Resource Management.

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Introduction

Through the years as the world has undergone far reaching societal, cultural and economical changes based on the increasing dominance of digital media and tools. This has led to the current period being characterized as the “digital age”. Digital is an evolving approach to business practice, customer interactions and employee behaviours. It is present throughout any business and in the everyday lives and interactions of employees. The impact of the rapid growth in digital has meant that organizations have had to adapt to new market expectations. Business functions, where communication and customer dialogue is crucial, have been early adopters of digital technology such as marketing, communications and customer service. Slower to come to the table is Human Resource Management, but with a very less spam time has created a whole new sector of Business Known as Electronic HR or Digital HR. In line with these changes, digital technologies play an increasingly prominent role in Human Resource Management (HRM), which is affected in



several ways we manage human resources. The widespread use of electronic technology has entirely changed the concepts of Human resource management. The human resource Industry in India grown at a compounded annual growth rate of 21% over the past four years and is going to be around Rs 22,800 crore, according to a report by Executive Recruiters Association and Ernst & Young. Its association with ethical culture of organisations have great impact on goodwill of company. As “Ethics refers to the principle of conduct governing an individual or a group” (Dessler, 2008, p.553). Ethical decisions always involve two things. First, they involve normative judgements. A normative judgement implies that something is good or bad, right or wrong, better or worse. Second, ethical decisions involve morality.

Objective

The major objective of this paper is to find out the ethical parameters, extent and nature of IT applications in HR functions implemented in various companies to capture the future trends in the digitalization of HR functions.

Research Methodology

Ethical HRM in digital age is a exploratory study & main purpose of the study is to identify the influence of the technology on the various HR function & understand the changing trends in HR with respect to technology in different organization. The data have been collected from secondary source. Case study research method is used in this paper. The main reason behind using case study research method was to bring in the detail description of the HR technology used by different organizations. In this paper also it has helped to identify the actual technology used by HR professionals in public & private sectors.

Ethical issues in Human Resource Management

1. Ethical Issues in Recruitment and Selection

Recruitment is the process of announcing job vacancies with a view to attracting a pool of qualified applicants to fill up vacancies in an organisation. It is regarded as a positive process.

Selection is the process of evaluating those who have been searched for and obtained through recruitment with a view to deciding whether they can be employed or not. It is also the process of choosing the individual or individuals who best meet the job-related criteria.



“Selection is a decision-making activity: the psychological calculation of suitability” (Price, 2004, p.408). While recruitment is a positive activity, by contrast selection is viewed as a negative process or activity in so far as it involves picking out the best of the bunch and turning down the rest (Taylor, 2008, p. 214). The following are unethical practices in recruitment and selection.

1.1 Discrimination:

Discrimination includes any distinction, exclusion or preferences made on the basis of race, sex, age, religion, national origin, pregnancy/child birth, familial/marital status disability, sexual orientation, HIV/AIDS, prior arrest/conviction record to mention a few which has the effect of nullifying or impairing equality at work (Aturu, 2005). Discrimination on the basis of age, sex, race, marital status, religion, state of origin, disability, ethnicity, HIV/AIDS victims are unethical practices in recruitment and selection.

1.2 Sexual Harassment:

Sexual harassment is a violation of Title VII of the Civil Rights Act, 1964. The Act defines sexual harassment as unwelcome sexual advances, request for sexual favours, and other verbal or physical conduct of a sexual nature. Such conduct by an individual is used as the basis for employment decisions affecting such individual or has the purpose or effect of substantially interfering with an individual's work performance or creating intimidating, hostile or offensive working environment.

1.3 Unfair Recruitment and Selection Practices:

Such as nepotism, favouritism, god fatherism, Federal character principle and quota system. Asking for bribes prior to and after recruitment and selection exercise. Lack of realistic job preview as well as non- disclosure of the positive as well as the negative characteristics of the job to applicants at the point of entry into the organisation which could lead to undue expectations and could cause frustration and eventual turnover. Giving preference to job candidates on the basis of the university attended is unfair practice. Employment tests that are culture-bound should be examined to see if they are culture fair. That is, if they contain items that can be equally answered by all nationalities. Such tests should be related to the position being considered.

1.4 Negligent Hiring:

Employing prospective candidates without proper and adequate background checks or reference.

1.5 Age Discrimination in Employment:

The purpose of recruitment is to attract the best qualified candidates for satisfactory job performance. It does not make a good sense in deliberately exclude suitably qualified candidates on the basis of age in advertisements. This amounts to age discrimination which is an unethical recruitment practice, except age is a bonafide occupational qualification

2. Ethical Issues in Compensation and Reward Management

Staff remuneration or “pay affects the way people work in terms of how much and how well” (Yoder & Staudohar, 1982, p.329). Most conflicts at work could be explained by poor pay and other pay- related issues. The outcome of pay dissatisfaction may include lower job performance, increase grievance, incessant absenteeism or presenters as well as labour turnover. The extent of pay equity, fairness, periodicity and regularity are all ethical issues in compensation management. More so, organisations should ensure equal pay for work of equal value. According to Howe (1995,p.70), “pay should not be based on age or age related criteria but should reflect the degree to which an individual meets the required standards of satisfactory job performance and the value of their contribution to the overall objectives of the organisation.” Reneging on company pension agreements is unethical.

3. Ethical issues in Training and Development

The concept of training has been variously defined. According to Obisi (1996) citing Steinmetz (1969) training is viewed as a short – term process utilizing a systematic and organized procedure by which non-managerial personnel learn technical knowledge and skills for a definite purpose. Thus, training is specific and directional. The following are some unethical training and development practices: training for training’s sake without a demonstrated need, improper evaluation of training and development, paying lip service to training and development, negative training and development philosophy, training employees who curry favour or embark on boss massaging or kissing up, training programme viewed by trainees as a form of holiday from work as well as training based on discrimination on the grounds of sex, age, ethnicity or closeness to ones boss.

4. Ethical issues in Promotion, Transfer and Staff Separation

Promotion refers to a shift from a level of lesser responsibilities to that of higher responsibilities, oftentimes with increase in pay. Promotion based on favouritism and god fatherism as against competence is unethical. Transfer based on favouritism and god fatherism as opposed to objectivity is unethical. Promotion and transfer based on

discrimination on the grounds of sex or others characteristics of employees is unethical. Terminating employees without due process in the disciplinary procedure is unethical.

5. Ethical issues in Performance Appraisal

Rao(2005, p.336) opines that “performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance”. Appraisal system should be open and not confidential so that employees can have feedback on their performance ratings as well as their strengths and weaknesses

6. Ethical issues in Health and Safety at Work

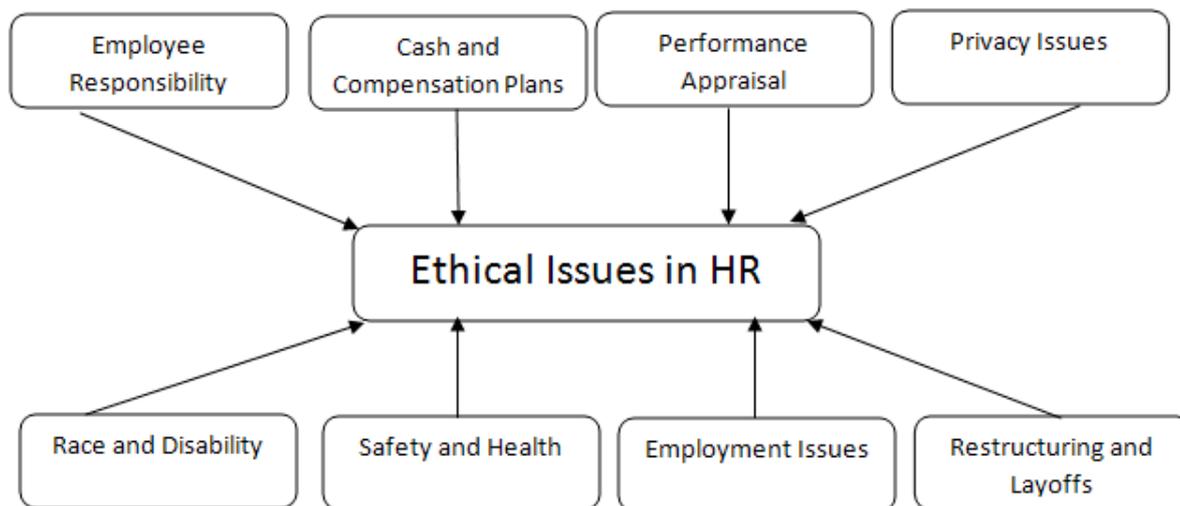
Health and safety policies and programmes are concerned with protecting employees and other people affected by what the company produces and does; against the hazards arising from employment or their links with the company. Safety programmes deal with the prevention of accidents and minimizing the resulting loss and damage to people and property. Occupational health programmes deal with the prevention of ill-health arising from working conditions. Occupational health programmes are designed to minimize the impact of work related illness arising from work. Particular attention needs to be exercised on the control of noise, fatigue and stress. The elimination of hazards is the responsibility of everyone employed in an organization, as well as those working there under contract. But the onus is on management to achieve and indeed go beyond the high standard in health and safety matters required by legislation. Written health and safety policies are required to demonstrate that top management is concerned about the protection of the organizations employees from hazards at work and to indicate how this protection will be provided.

6.1 Health and Safety Audits

A safety audit will examine the whole organization in order to test whether it is meeting its safety aims and objectives. It examines hierarchies, delegation, policy making and implementation as well as all areas of safety programmes planning. Safety audits can be conducted by safety advisers and/or consultants/or HR specialist. The purpose of the audit is to generate action. Those conducting the audit will have to assess priorities and costs and draw up action programme for approval by the board.

6.2 Health and Safety Inspections

Health and safety inspections are designed to examine a specific area of the organization – in order to locate and define any faults in the system, equipment, plants or machines or any operational error that might be a danger to health or the source of accidents. Health and safety inspections should be carried out on a regular and systematic basis by line managers and supervisors with the advice and help of health and safety advisers. “Health they say is wealth” The state of health of a worker can affect his/her productive capacity. Hence, occupational health and safety is important for the following reasons: it maintains and improves the employee’s performance both quantitatively and qualitatively, it reduces employee absenteeism and turnover, it saves cost in terms of money and time, it improves productivity and it is a legal requirement. Industrial establishments can take two types of measures to protect workers health against occupational hazards. This can be categorised as follows: Preventive measures and curative measures



Preventive Measures- These are based on the philosophy that “prevention is better than cure” The preventive measures to protect employees against occupational health hazards may include but not limited to the following:

- Pre-employment medical examination
- Periodic post selection medical examination



- Removal of hazards conditions to the extent possible
- Surveillance of special classes of workers such as women and aged employees who are exposed to health hazards
- Emergency treatment in case of accidents
- Education of workers in health hazards
- Education of workers in health and hygiene
- Training in first-aid to workers
- Proper factory lay-out and illuminations
- Proper and efficient disposal of refuse and treatment of plants
- Proper scheduling of work with adequate rest
- Provision of health and safety gadgets

Curative Measures- These measures begin once a worker actually suffers from ill-health or sickness or diseases or accidents. The curative measures include the following

- Adequate and timely medical treatment
- Allowing the employee adequate period of recuperating
- Allowing the needed best medical treatment from outside hospitals
- Adequate compensation in case of injury

7. Digital HR in 21st Century

Many of the administrative tasks associated with HR are now outsourced, or automated. As a result, businesses are demanding new expertise from their HR staff. To add value, modern HR professionals are now becoming more strategic and proactive, and have to be experts on all social and technical trends that can improve their teams. To fully understand this shift in HR, we must understand the changing trends of HR with respect to the change in technology. Huge impact of digitalization can be viewed on the HR functions such as Recruitment, Training & Development, Performance management, Payroll, ESS & Workflow management.

7.1 Digitalization in Employee Selection /Recruitment

The recruitment industry is probably one of the oldest among the service industries in the world and it is still the largest segment of the HR industry with an annual turnover of over \$400 billion globally. In India, recruitment services started about 20 years back when the economy got liberalized and there was a sudden spike in the demand for talent. In case of Recruitment, IT has a highly positive impact. E-recruitment is the use of technology or web based tools to support the recruitment process. The major ways of recruitment, which



companies commonly use are by displaying the career opportunities on their websites, depending on the job portals for making the potential hires and using social networking sites (SNS) for getting the database.

E-recruitment can be divided in to two types of uses:

a) Corporate websites are a company's own website with a link for job posting/career options where candidates can log into for current openings. Major IT services companies in India like HCL, Wipro, TCS etc hire 7-10% of their overall employees through Social Networking Sites (SNS) and these companies have a separate recruiter team for coordinating these activities.

b) Commercial Job boards is a website that allows employers to post job requirements for a position to be filled and allows fresher & employees to post their profile in order to get a job opportunity, in simple words job boards are employment websites. There are several top job sites in India like Naukri, Monster India, Times Jobs, Careerjet, Naukri Hub, Career India, Bixee, Click Jobs, Career Age, and Freshers world that provide you information on various openings and also on other relevant topics.

Technologies Used in Recruitment & Selection

a) Internet Job Boards: Internet job boards were created to provide a place for employers to post openings, and job seekers to find openings at the touch of a button.

b) Resume Databases and Applicant Tracking Technology: Resume databases can include installable and web-enabled software. Applications are sent directly to the resume database, and companies run queries to find applicants qualified for job openings.

c) Online Testing and Assessments: Online testing and assessments are used to allow companies to assess a candidate's skill and personality. After assessments are completed, a company can chose a smaller amount of candidates to bring in for an interview.

d) Combined Technologies to assist in the Recruiting & Selection Process: Some technologies offer combined software to receive, track, test and assess applicants to narrow down the selection before the applicants' information is reviewed by the organization. This type of technology offers a streamlined process for the organization, saving time and money.

7.2 Digitalization in Training & Development

Internet and Web-based technologies have affected formal learning in the workplace and contributed to improving workplace performance (ASTD, 2002) pointed out that although

face-to-face, instructor-led training exceeds Web-based training today, the growth in Web-based training continues.

In the case of Training & development, e-learning is an intense opportunity provided by the companies for their employees, which help them to increase their knowledge level. The training materials are provided online; employees can utilize these materials and get trained. In the case of e-learning, employees have an advantage that they can learn at their own pace. The stretched duration taken by the employees to complete the training and the assimilation of the training independently can be few disadvantages in the e-learning mode. In a period of rapid technological change, there have been many training technologies. These technologies vary from basic training activities such as lectures, talks, discussions, role-play and case-studies to more complex techniques including. Technology-based learning (TBL), computer-based training, interactive video, multimedia supported training technologies, the Internet, intranet (corporate-wide Internet systems), virtual reality and so on. The need for more information is becoming more crucial as organizations want to be sure of TBL's effectiveness before they decide whether they should use it or not. Tata Interactive Services provides online training module to its parent company along with other 500 companies all over world. On other hand the SBI one of the oldest bank of India has also started trying its hands on technology & started an e-learning modules for its employee & have planning to expand it for fresher's performance (Lee, Owens, & Benson, 2002).

7.3 Digitalization in Performance Management

E-HRM allows the whole performance appraisal to be conducted on-line, on the corporate internet interface. This means that the manager and the employee are able to submit performance data directly to the HR department in electronic form. This practice, though criticized for the lack of written evidence, reduces paperwork and if read receipts for both supervisor and supervised are used, it can impressively decrease time and cost for the HR department. With the advent of technology, performance appraisal software's are becoming common in organizations.

Performance management software is also helping to dramatically improve HR's ability to carry out effective people relationship management (PRM), and improve their organization's employer brand. It enables companies to move away from subjective people management to objective and efficient people management to the great benefit of the employee / candidate. To help and automate the processes of Performance appraisal management, organizations are increasingly taking the help of various performance management software's like *Workforce Performance Management (WPM) Suite Systems* and *Talent Management Software*, which help to systematically record all the data about the employee performance, pre-determined targets and the results achieved, compensation, succession planning and other related HR systems. The various forms can be filled online and can be submitted to the HR.

7.4 Digitalization in Payroll Management

Payroll is defined as a method of administrating employee's salaries in the organizations. The process consists of calculation of salaries and tax deductions of the employees, administrating the retirement benefits and disbursements of salaries to employees. It can also be called as an accounts activity which undertakes the salary administration of employees in the organization.

HRMS Solutions INC (2007) point out that that the payroll module sends accounting information to the general ledger for posting subsequent to a pay cycle. Produce pay checks on demand, run trial reports, and make last-minute changes with no hassle. Flexible features include simplified pay processing, Comprehensive reporting, Check printing, Direct Deposit, Tax Management, Earning etc. Manage the flow of employee information and make changes to payroll quickly and easily with Sage HRMS Payroll, the cost-effective payroll management solution. Integrate your payroll data to leading financial accounting packages, deposit employee pay to an unlimited number of banks, reconcile payrolls and quarter-ends with up-to-the-minute facts and instant analysis, retain all of the payroll transactions for an unlimited time period without having your data purged by your payroll provider.

Payroll technology is witnessing continuous movement from traditional software to —cloud computing —technology, which makes it easier for service providers to deliver their best products to end users as cost-effectively as possible. Because cloud computing allows all of the functionality of a server based system with none of the maintenance and cost, it has also opened doors to new mobile technology methods, such as payroll applications for smart phones, and innovative payment methods ,such as pay cards.

7.5 Digitalization in Employee Self Service:

Employee Self Service (ESS) is a combination of technology and organizational change that enables users to interact directly with their human resource data to inquire, review and act upon transactions in the workplace. This human resource technology is known as employee self service, manager self service, or employee direct-access systems.

ESS promises a "paperless" office, streamlined business processes, and the elimination of "administrivia" for human resource staff because employees and managers conduct basic transactions via computer that were formerly completed on paper forms and then processed by HR staff. There are several types of self-service applications: Interactive Voice Response, Internet and intranet.

7.6 Digitalization & Workflow Management:

Workflow management/Business Process Management is a system of overseeing the process of passing information, documents, and tasks from one employee or machine within a business to another. Through the proper use of this system, each of these employees or machines will pass the work on according to a predetermined procedure. As technology advances, much workflow management has become automated and takes advantage of special software to make the process much smoother.

Discussion & Conclusion

This paper set out to examine ethical HRM practices in work organisations and the roles of HR professionals in promoting ethical practices. Ethics permeates all aspects of our national life and human resource management profession is no exception as all HR functions have ethical underpinnings. Due to increased need for IT in HR and an urgent need to reduce costs in organizations, one may be tempted to wonder about the possibility of replacing a few, some, or all of the traditional HR activities through wider use of IT and automation. Although this thought might be entertained by a few, by no means does collaboration mean replacement. There is clearly an urgent need for intense collaboration between HR and IT especially given the significant investments placed separately in labour cost and IT.

Companies in India have been trying to convert their HR services into an array of e-HR functions. On the one hand, some of them have all their HR functions online through the intranet and, on the other hand, some companies are revolutionizing with new work patterns such as the virtual teams, concept of working from home etc. There are so many companies which are using different types of software's for different HR functions, but the major problem is that the software's are not user friendly, especially the software for payroll, ESS, & performance appraisal. Most of the organizations are outsourcing their HR technology because of which they have to depend on the third party for the smooth functioning of HR activity. Another problem is the level of automation is not dependent on nature of the industry; it depends upon the intention of the top management. Still About 60% of the companies have a minimal or no role of IT enablement in the areas of Policy formulation, Career and Competency management and enhancing the morale of its employees.

The concept behind e-HR is to create an organization culture that is system and process driven. The future challenges for the organization would be to enhance the working knowledge of applications of e-HR among the HR practitioner without which e-HR cannot add value to business.

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