

Why business ethics matter in human resource management (HR)



The downfall of businesses is no longer only attributed to economic decline, but also, the lack/absence of moral principles, nonexistence of highly talented individuals, and ethical leadership. Ethics plays a critical role in ensuring business sustainability, resilience, and should therefore be part of every organisation. How individuals conduct themselves, determines the ethical culture of such business. There are many examples that can be attributed to business failure, due to unethical conduct, and lack of accountability thereof. This happens despite the laws, clear procedures, business policies and practices, and code of conduct being framed.

The law will usually set the tone for business ethics as it provides the guidelines for running the business. It is thus imperative that HR plays an important role in driving ethics in the organisation. Business ethics is explained as “the values and standards that guide the business in its interaction with stakeholders”[1]. Therefore, the way the business is conducted, should reflect the ethical values as set out by the organisation. It is critical that the decisions taken by the organisations should be applied fairly, as the stakeholders needs to trust the organisation. Failure to communicate such values to employees, and ensuring mutual understanding, and implementation thereof, might affect stakeholder relationships. It is also imperative that certain business ethics principles[2], such as accountability, integrity, respect, honesty, responsibility, and others, as set by the organisation are applied, to ensure ethical behaviour. Businesses should consistently punish unethical behaviour. Leaving an unacceptable behaviour unpunished, encourages continuous misconduct is, without realising the negative outcome, which in most

instances, affects not only the business, but the society at large.

Also, HR deals with employee issues, and as champions of Ethics, it plays an important role of supporting the business by ensuring that the code of conduct is implemented and followed by everyone, including managers, in the organisation. Furthermore, HR should align their role to ethical practice, thus ensuring talent retention and business sustainability. To achieve this, HR should[3]:

Partner with and support the business.

Work closely with the leadership to protect organisational values.

Define what ethics is and what ethics is not.

Formulate policies.

Set guidelines to implement ethics.

Encourage ethical culture and train employees on how to live ethically.

Ensure that the business values are well communicated and lived by, including the new appointees.

Encourage an ethical culture and ethical decision making.

Champion accountability at all levels.

Assist the organisation to understand that accountability is a positive measure, and not disparaging.

Drive mutual trust and pride in individual's work.

Inculcate loyalty and commitment to drive business objectives.

While HR drives ethics in the organisation, it is every individual's responsibility to live by ethical principles that are set in the organisation. Line managers should also take the responsibility to communicate such values and to ensure that they reward good behaviour, to encourage an ethical culture; this is a shared responsibility and not only for HR. The decisions that are made in the organisation will drive the value proposition for such businesses, which in turn will increase brand recognition, attract top talent and investors[4]. **Are HR Audits Meant t**

[1] Rossouw, D. & van Vuuren, L. 2017. Business Ethics. 6th Ed. Oxford: University Press.

[2] <https://www.investopedia.com/terms/b/business-ethics.asp>

[3] <https://www.mbaknol.com/business-ethics/business-ethics-in-human-resource-managemnet>

[4] <https://www.changeboard.com/article-details/16969/ethics-in-hr-the-role-of-accountability/#:~:text=People%20are%20an%20organisation's%20most,will%20meet%20its%20employees'%20exp>