

UNETHICAL HR POLICIES AND PRACTICES

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Abstract

Purpose: To throw light on some unethical Human resource policies followed by companies and suggest ways to overcome them.

Approach: This is a theoretical paper designed to provide a conceptual clarity on the subject. It is an exploratory study aiming to enhance recognition and understanding of some policies and practices that are causing discomfort in organizations.

Findings: A number of policies reported to be unethical by employees all over the world have been described in detail.

Value: This paper will offer insights to HR professionals encouraging them to realize and change some policies and practices that have become a part of their organizations. It also will encourage people from other fields to realize how they can flag unethical practices in their organizations.

Keywords: Unethical, HR, Policies.

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The Human Resource Management function discharged by a specialized department has been one of the better management philosophies to have emerged over time. But not all HR departments add value to a company, some actually end up doing more harm than good. In the course of history, this department has been viewed as a supporting clerical and administrative appendage, to an auxiliary function necessary for salary and leave-related information and also, as an entity that is misused by many exploitative employers to unleash employee harassment policies. Many HR policies are designed to exploit while some others simply evolve into the well-intended but badly executed realm. This paper intends to examine whether it is fair to blame all policy failures on the same department and ascertain which policies and practices have caused the most heartburn among employees.

To begin, what can we call an “unethical” HR policy? It is a policy or practice that is dysfunctional, causes breakdown of trust and cooperation, and effectively, puts an end to coordinated actions. Companies that have more than one unethical HR policy earn a name for themselves in the labour market, making themselves a last resort for all candidates. Such companies have a tough time figuring out why they do not get anyone to stick around or why they would not get any employees from their competitors. The competitors themselves gain an advantage whereby even after offering lesser salaries, candidates tend to prefer them. The organization in question, thus, has an unenviable task of rebuilding reputations which take a long period of time to replenish, if at all.

The basic reason behind the “unethical” HR departments is their obsolete and misplaced command-and-control psychology where they believe their role to be of a watch-guard who ensures compliance and fosters conformity. Such departments spend most of their time calculating leave, monitoring reporting times, and rewarding employees who toe the line. In all fairness, it is wrong to blame the HR function alone for such management because its root lies with the top management. Any CEO who demands results overnight puts undue pressure on his line managers and HR department, both. It is rare indeed to recruit employees who start delivering spectacular performances from the word go, it is far common to find a successful performer unable to deliver in a dysfunctional organizational culture. The HR department is the

DNA of the organization and has to ensure the right balance in all areas but without the right mind i.e. the top management, nothing can be achieved.

The real purpose of an HR function in a company is ensuring that the needs of management, the employees, and the company are consistently met and kept aligned with the organizational goals. It is the employees who get the work done, assigned and led by managers who wish to accomplish organizational goals, hence, all three have to be kept part of the work circle. The days of no-questions-asked compliance are long over, people today look for autonomy, freedom, and support for creative decisions. Many HR departments forget their orientation and create dysfunctional conflicts at all levels of hierarchy, thus defeating their purpose.

A successful HR department should not only be providing support but should act as a backbone aligning employees' personal career goals with the of the organizational targets. Creating unethical and harassment policies will lead to a lot of resistance from the line managers and the employees.

Some of the policies considered as unethical are discussed below:

1- Disguised Salaries

This is the most abused unethical policy where the offered salary is misquoted to an incumbent. The extent of variance between the actual in-hand salary and the one quoted at the time of recruitment ranges from lakhs to a couple of thousands but the reality is that it is the freshers or the needy employees who are the usual sufferers of this gimmick. The senior employees and the higher managers have already learnt their lessons the hard way and enquire well before accepting any offered salary. What is usually done is to include various expenses made by the company in the total salary which might include contributions to Provident Fund, social security, training programs and sometimes, even the electricity used. There is no question that this practice is completely unethical. Today, the current generation of HR professionals do believe in explaining the entire salary structure in detail with complete truthfulness as every employee who is shortchanged in this fashion ultimately either leaves or becomes demotivated. Also, most HR professionals today know that a transparent and straightforward approach disclosing all monetary and other perks will have better

chances of bagging a talented employee than a disjointed or veiled attempt. Retention of talent rather than only procuring it is the mantra today or it should be.

2- Training Policy

All HR departments have training obligations as training traditionally has been one of the core HR functions. Very few HR managers are able to weave this function in the overall management of the organization thus, actually achieving a learning and development strategy. The lack of ethics in this policy is the absence of the policy itself i.e. when training does not move in a systematic manner with a well thought out plan of implementation and evaluation, it loses all relevance and significance in the minds of employees. This loss is extremely dangerous as people tend to reject all succeeding training programs as the same useless interruption to work, at best, to be visualized as a holiday. The true extent of damage is seen by well-meaning HR managers who are unable to communicate any enthusiasm in their senior managers towards crucial training areas. Evaluation of training programs and conducting proper training needs analysis, taking the points of view of both employees and their managers will ensure that there is some order in the training policy. Ensuring transfer of learning to the organization and work setting will also become more probable in such a scenario.

3- Job Descriptions

Most organizations today believe in having well-articulated and clear job descriptions and matching job specifications. However, the actual application of these JDs remains rare with most line managers preferring to use a far more flexible approach. It is rare indeed to witness an employee refuse a task merely because it is not included in his JD, what is also becoming rare is the failure to accept different functional jobs. It is common nowadays to find engineers successfully embracing an HR role or a finance professional trying his hand in operations. The unethical policy, however, creeps in when these flexible JDs are forced on employees with a threat of termination. Again, being more manifest in fresh employees, it acts as a huge de-motivator with the suffering employee losing all trust in the company. It is common to find this phenomenon at work in fresh engineering and management graduates

who are lured away in campus placements by fancy designations and salaries. Most do not enquire deeply in job profiles and some are deliberately misled by recruiters. The subsequent job profiles offered on joining the company shatter the expectations and dreams of the new employee thus causing de-motivation. The point here is not that all new employees should be offered dream jobs and profiles but that a realistic job purview will go a long way to keep the employee happy and increase his loyalty and commitment to the organization.

Remembering Herzberg's two-factor theory of motivation, the misquoted salary being only a hygiene factor will cause immediate rejection of the job by the employee which though sounding bad is nowhere as damaging as a lingering employee who is distrustful of the organization and communicates this to everyone in his hearing range. People tend to adjust with salaries and even forgive the contribution of gratuity counted in salary, but how can one forgive and forget the job itself which is performed day in and day out?

4- The Ethics Policy

Few organizations possess an ethics policy and fewer still have a well articulated one. One good example here is the one followed by MindTree International which offers many case studies to drive the point home. The need for such a policy cannot be debated, it is, of course, necessary and fundamental and its absence will definitely be rued in future. However, the ethics policies need to be continuously improved, redrafted, and communicated taking live examples from the organization's own history. The lacuna here affects not only one department but the entire company, the industry, and also the country. In fact, it evolves into a ghost that haunts the company forever. How many people today would cite Satyam as an employer of choice? Any deviation from an ethical and legal framework actually deals a death blow on all future chances of recuperation for the company. Hence, it is necessary to draft these policies in a language that is simple, direct, and non-negotiable. All flowery and inconsequential information should be left out for maximum effect.

If this policy is drafted for show, then it creates a sleeping monster. The message sent out is that the company will tolerate any deviant behavior and in fact, by its very inaction supports

it. The ethics policy hence, needs to have teeth like any other good HR policy to ensure its compliance.

5- Separation Policy

All HR departments do not necessarily have separation policies but we shall consider relevant practices as part of this policy. Separation of an employee is the time when any person can easily measure the mettle of the HR department. The manner in which the resignation is accepted, the subsequent process of trying to retain a talented employee, the negotiations and the extent of offered conditions for reconsideration and finally, the decency with which the final payments are delivered to the employee, communicates the preparedness and competence of the department. Say, for example, if the resignation was unexpected and not foreseen, if the highest level of managers were mobilized for the negotiations, if the offered conditions were clearly unmatched to the current position-holder and the current policies and finally, if the final payment was delayed to the extent of receiving a threat for legal action, then all these behaviors give definite indications as to the competence and preparedness of the HR department. Why is this an unethical policy? It is so, because it acts as a flag, motivating all others to follow the same path for realizing their justified as well as unjustified demands. Ask any good software Engineer how one would gain an immediate promotion or a hike in salary and he/she would tell you to put in your papers. Not only is this haphazard treatment unfair on the more patient good performers, but it also fails to retain the former for long.

6- Lean Management

The concept of lean management gained momentum during recession where companies had to cut costs and curb expenses to make through. However, if there are any expenses that can be curtailed without affecting the efficiency of the company, they should have been addressed proactively not waiting for the threat of recession. If, however, these expenses cause discomfort and were resorted to as a last resort, then they should be recalled as soon as is possible. Indian companies run by traditional business owners have been known for their cost-cutting and lean management. In fact, most perks and fringe benefits introduced by the

MNCs remain unacknowledged in these companies. Lean management becomes an unethical HR policy when it starts pinching employees, making them work extra hours in uncomfortable working conditions, not sanctioning leave and withdrawing basic facilities. No explanation is necessary to illuminate the monstrous nature of these lean management policies where the management tries to keep the costs low once it finds the way to do so. Asking your employees to not take leave for a couple of months to ensure smooth functioning is one thing, while making the leave sanctioning process tedious for ever is another. There is no harm in saving costs as long as they don't cause discomfort for a long time.

7- Direct Line to CEO

Many companies offer direct communication to the CEO or the HR Director on their websites or providing direct access to their emails to encourage transparency and a feeling of quick grievance redressal. It is one of the better HR policies which has become unethical in practice in a few organizations. What happens is that the employee who dares to approach the said CEO/HR Director is penalized by his boss and the entire HR department. The direct communication here makes them all look bad and ineffective. If they had not been ineffective in redressing the grievance, the employee would not have approached the senior manager. The issue here takes another level when the direct line is only a formality and the CEO/HR Director has no intentions of taking any feedback, suggestion or grievance seriously. This policy in such a case is quickly learnt to be a backfiring one by all employees creating an atmosphere of fear and hence, loss of trust. So, a well-meaning HR policy turns into an unethical one because of its practice.

8- Performance Appraisals:

Performance management, as it is called today has been one of the traditional realms of HR. The loss of ethics here happens when the HR professionals derive and design their own procedures, rules, and sometimes, a broad list of targets from which the line manager and the employee, are supposed to choose the suited ones. The feedback from line managers is often not incorporated or ignored as the sheer variety of jobs makes it impossible to adapt them to an organization-wide policy. This is the root cause why performance appraisals fail and

cause a lot of heartache. They are based on targets that are far removed from the users and fail to achieve a “connect” with the managers and employees both. Then begins the usual tussle between HR and line managers to ensure the filling and filing of forms at the requisite time thus, further enhancing the frustration on all sides.

The smart way of going about performance management is to design a skeleton program defining the timelines, the entire process, the right way of going about it (only pointers) and the Dos and Don'ts for nervous managers who fear judging their subordinates' performances and confronting them in feedback sessions. The details should be left to the line manager and the employee himself, which would make this process a lot more responsive and appreciated.

Another issue with performance management systems particularly seen in some companies is that the management believes in team working but at the time of appraisals rewards individual contribution. What this means is that not only the most visible but not necessarily the most valuable worker is rewarded, but also, that it throws away all the hard work put in by the leader and his team for achieving coherence, cohesiveness, and synergy. People tend to model their behavior according to the reinforcement provided and if it is provided individually then they tend to behave competitively and not as a team. The reason for the individual rewards is budgetary constraints but if the costs would be pitted against the gains, then it would be easily realised that it is also a monster policy.

8- Compensatory Off

Now this is an unusual choice for an unethical policy. However, it truly is one especially because it is having understated but very harmful repercussions. The salaried employees are given compensatory leaves or some amount of money to make up for working on “Off days”. Now this practice has encouraged delaying of work on weekdays in order to secure a Comp-Off to be stashed away for use later. When the boss decides to work extra on a Sunday, the subordinates are obligated to do the same. This also follows for late night working. Not only does this cause a lot of unnecessary financial burden on the company but also encourages a monster practice of having no personal life and hence, no relief from the drudgery of work. The HR department can respond by carefully monitoring these Comp-Offs and making the procedure for getting their approval tedious and long winded to discourage frequent usage.

For prospective employees, sighting an unethical HR department is easy. The way your interview is conducted, the kind of questions asked, and the presence or absence of line managers in interviews provide useful insights to any prospective employee. Monster HR departments will rarely care for interview times, will ask the “in-questions” currently in vogue rather than the ones that actually reflect on your future job, and will usually schedule an interview with the line manager much later in the selection process. Asking a few general questions about future salary, job profile, promotion and growth prospects will clarify the situation further. Unethical HR professionals have cliché answers ready for such queries and will beat around the bush with fancy phrases without giving any information away. In many cases, they would not know the answers themselves. The last step is going through the HR Manual that mentions the HR policies; the drafting of the policy should give the whole show away.

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