# Human Resource Management

**Human Resources** is typically responsible for overseeing the hiring, promotion and termination process, benefits management, labor law compliance, general training, and payroll.

**Managers** are typically responsible for organizing work into manageable activities with appropriate timetables and securing the resources, including human resources, to get the work done. They typically make the hiring, promotion and termination decisions that HR oversees. They are responsible for guidance and oversight of work performance, specialized training, and mentorship.

Expertise in management and human resources are thus **both expertise in using people *well***. This involves engaging people *as people*, creating healthy workplace environments, providing resources and training to help people participate more effectively in the organization.

HR professionals, managers, supervisors, and executives are also responsible for **shaping corporate culture** and **preventing corruption**. To better understand how, in this unit we’re going to drill down on two of our core ethical principles: **Do no harm** and **Treat people with respect**.

# Corruption

People use the word “corruption” in a wide variety of contexts, and they use it to identify a wide variety of ethical failures. Most often corruption is attributed to a government, but any institution may become corrupt, as in indictments of corporate corruption. Most generally, corruption of an institution is a failure of integrity. This can happen over time through inattention or incompetence, but it can also be quite calculated.

**Integrity** shares its root meaning with integral and integer. To have integrity is to be intact in a particular way. When an institution has integrity, it functions according to a set of principles that maintain cooperation in the service of its higher purpose. Those principles are embodied in corporate policy and its implementation. Consequently, policy and implementation failures are a primary source of corruption.

## Corruption arising from policy failures

* Articulation
	+ Self-contradictory, poorly organized, poorly worded → impossible to understand or follow; easy to game
* Scope
	+ Omits or stints on important domains
		- Structure for regular policy review and update
		- Grievance procedures
		- Exceptions procedures
		- Oversight structure
	+ Includes too much
		- Repressive; violates rights
		- Nit-picky, tedious detail, overthought (e.g. exhaustive list rather than a few examples)
		- Prioritizes uniformity of the whole over specific needs of departments, branches, etc.
* Content
	+ Assumes all parties are competent and acting in good faith (you never know who will be in that position next year, or in ten years)
	+ Formalizes or institutes conflicts of interest
		- Compensation structure pits my financial interests against my clients’, e.g. encourages churning
		- Leave policies that force me to take more or less leave than I actually need, e.g. mandatory 2 months parental leave.
	+ Incorrect assignments of transparency and confidentiality
		- Non-disclosure policies that prevent institutional problems from being detected and corrected – so covering up is easier than cleaning up
	+ Unfair pay scale or division of labor

## Corruption arising from implementation failures

* Nobody reads the policy or knows what’s in it
	+ Token effort to educate at new hire orientation, then never mentioned again
* No one can even locate the policy
	+ Several versions on the company website with no approval dates
	+ Policy is not on the website, not searchable, requires a password other than your regular password
* Enforcement
	+ Selective - double-standards are applied
	+ Erratic – lack of consistency over time, across “enforcers”
	+ Too strict
		- Failure to accommodate exceptional circumstances for which the policy was not meant
		- Disproportionately harsh discipline
	+ Too lax
		- Attitude that policy is just a suggestion
		- No adverse consequences for non-compliance (disproportionate discipline)
		- Non-compliance isn’t corrected when discovered
		- Those responsible for disseminating or updating policy are not accountable for this aspect of their job
		- Attitude that if it isn’t strictly prohibited by policy, then no action can be taken (fallacious appeal to policy)

When your institution doesn’t have good policy or fails to implement policy well, this **corruption creates opportunity** for people to exploit those flaws in predictable ways like **fraud** and **embezzlement**, and **corruption spreads**. “Everybody’s doing it” quickly becomes a convenient rationalization.

 We need **good** policy and we need to follow it **well**.

## Classic examples

Commodifying what isn’t yours: buying or selling the power of your professional position as if it were your personal property: bribery, kickbacks, extortion, influence peddling

Privileging one’s own: selfishness extended to an in-group”: favoritism, cronyism, nepotism, parochialism

It may not be possible to prevent clever miscreants from engaging in these kinds of activities, but a **healthy corporate culture** goes a long way. When behaving well is the norm, bad behavior stands out as exceptional and it’s comparatively easy to determine how to correct the problem. When institutional integrity is so compromised that people routinely sabotage each other to get ahead, even the most competent and well-meaning people will have a hard time making any headway. Replacing a few “bad apples” won’t solve this kind of problem.

Be able to:

1. Explain what corruption is and provide examples from the lists.
2. Identify some failures that are not on the list.
3. Identify failures in a particular example of policy and offer possible corrections.
4. Identify ways to prevent or correct implementation failures.
5. Explain why or how the failure is an ethical failure.

## Psychological and personal corruption

Policy failures create an environment or corporate culture that **is conducive to unethical behavior**. Individuals may also be morally corrupt in various ways. Corruption of character makes people **prone to unethical behavior** and it **contributes to institutional corruption**. Here are some common examples.

#### Classic vices

* Cowardice: failure of responsibility due to fear of personal consequences
* Greed: obsession with accumulation of personal wealth
* Careerism/toxic ambition: single-minded need to get ahead; obsession with increasing one’s hierarchical status
* Selfishness: general tendency to prioritize one’s own interests to the detriment or exclusion of others’

#### Weaknesses

* Lack of integrity: unreliability in matters of import
* Incompetence: persistent inability to do the work with professional adequacy
* Excessive compliance: overly susceptible to peer pressure or hierarchical pressure
* Shallowness/superficiality: lack of engagement with matters of genuine import
* Desensitization/insensitivity: inability to notice ethical red flags and react appropriately

#### Pathologies

* Sociopathic/psychopathic tendencies: lack of empathy, compassion, and other pro-social attitudes; lack of conscience
* Sadistic tendencies: taking pleasure in harm to others
* Malicious tendencies: harboring a desire to harm others
* Abusive personality: obsessive need to control other people, usually specific people, by any means necessary – including dehumanization and violence

#### Isms (we’ll cover these in some depth later in the course)

* Racism
* Sexism and misogyny
* Ableism
* Classism

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## General indictments of corrupt behavior, decision, or character

Despicable

Reprehensible

Abhorrent

Deplorable

Depraved

Indecent

Underhanded

Shameless

### Sources of personal corruption

#### Systemic

* Money makes you mean. Power corrupts.
* **Hierarchy itself** (read 3 articles on hierarchy for homework)
* Pressure, opportunity, rationalization ∆
* Conflicts of interest for people who have fiduciary duties
* Policy failures, both kinds

#### Personal (peer/associate failures like those listed above)

#### Ideological

Textbook ideologies gone wrong

* Exclusionary interpretation of shareholder wealth maximization (SWM) or SWM + exclusionary interpretation of the doctrine of double effect (DDE): “My only duty is to the shareholders." “I’m not responsible for unintended side effects.” (see next section)
* Contractualist reductionism: “I never promised to/not to…”
* Ethical relativism/subjectivism: “It’s all relative” “It’s all subjective” (ideological appeals to futility)

Credos (unreflective, uninformed adherence to a slogan)

* *Greed is good*
* *Growth is good*
* *A free market is a fair one*
* *The customer is always right*
* *No harm, no foul*
* *It’s just business*

Partisan political positions (unreflective or uninformed bandwagon blanket positions)

* Pro/anti Union (without regard to context or actual performance)
* Pro deregulation (as opposed to favoring *better* regulation)
* Anti tax (as opposed to favoring *better* taxation and infrastructure support)
* Pro internet freedom or net neutrality (as opposed to a *wise* balance of the two)

Rationalized mentalities

* Not my job
* Contempt for the less privileged (isms are often ideologically grounded)

How do we get from bad policy or ideological corruption to violations of basic ethical imperatives?

# Do No Harm…It’s not just for doctors

Fairness and respect are two core values that you will find in most codes of conduct (see examples on BB). It is far less common for institutional policy or professional codes to mention harm. Why?

* 1. This is in part due to the assumption that it **should go without saying**. As indicated in b, maybe it should go without saying, but it doesn’t.
	2. Lack of an explicit non-harm principle in codes of conduct and other policy documents is also partly due to poor use of textbook ideologies like the doctrine of double effect (DDE) and shareholder wealth maximization theory (SWM).

**Doctrine of double effect**: In addition to the intended consequences of your action, there are always a host of unintended side effects. Thus there are two classes of effects, intended and unintended.

**Shareholder Wealth Maximization**: Executives have a responsibility to maximize shareholder wealth. The scope of this claim is implicitly limited in two important ways: limited to financial benefit and harm, and limited to benefits to shareholders. Non-financial harm to shareholders and harms to employees or community members may be unintended side effects of SWM.

If we **falsely** **assume** that SWM is the **only** obligation of management and **falsely assume** that unintended side effects are **always morally excused**, the principle *do no harm* loses its grip on us. (Remember what Deterline said about ethical fading?)

When agents and executives fail to consider how stakeholders might be negatively impacted, they are neglecting an important part of their responsibility as power-wielders. **Stakeholder theory** has consequently replaced SWM. The core ethical principle of stakeholder theory is that agents have a responsibility to minimize harm and maximize benefit to all stakeholders. This is much more challenging, but immensely more rewarding.

* 1. Another reason why we seldom see *do no harm* in professional codes is that upon reflection this may seem to be an **unreasonable demand**. Life is messy and full of trade-offs. It just doesn’t seem possible for anyone to do *no* harm. Besides, doesn’t the good we do wipe out the harm?

*Do no harm* sounds like a **strict** **prohibition** – a **rule** – but we might better think of it as an **ideal** that can be realized pretty well in ordinary circumstances. Or we might think of it as a minimization principle: Minimize Harm. Not so unreasonable now, is it?

One kind of **algebraic fallacy** involves a false belief that members of a domain can be added and subtracted algebraically. For example, if I add ½ cup of water to ½ cup of water, I get 1 cup of water. Basic addition works. But if I add ½ cup of sugar to ½ cup of water, I don’t get 1 cup of anything. What happens when I add ½ cup of bad to ½ cup of good? They don’t cancel each other out! We still have both the bad and the good. ***Values are not algebraically additive****.* I can’t make up for doing harm here by doing some extra good over there. I need to *not* do that harm if it’s at all possible.

* 1. Consider finally that even mentioning harm in a non-medical code of conduct seems like bad **marketing**. Most codes of conduct focus on positive, aspirational terms. If it *should* go without saying, but *we* have to say it…you do the math. The good news is that we have entered an era in which social and environmental responsibility are increasingly included in the explicit scope of vision statements and other infrastructure documents. Since *Do No Harm* is an aspirational ideal in medicine, business professionals can claim it for themselves as an aspirational ideal, too, and a core one. All we have to do is frame it correctly.

Given the egregious harms that have resulted from standard business practice in recent years, isn’t it time to institute a Hippocratic oath for management? We can’t just update the policy, though. We have to update the ideology and address our fallacies and rationalizations in order to implement *do no harm*, even as an ideal.

What does this have to do with HRM?

If Do No Harm isn’t in your policy, it should be.

What counts as harm?

In the context of stakeholder theory and SWM, the scope of harm and benefit is often limited to financial considerations. It doesn’t take much reflection to see the tunnel narrowing our vision here. In order to evaluate how well we’re doing, we need to sensitize ourselves to the full scope of harm and well-being.

What makes life good?

* Health (physical and mental)
* Knowledge (competence, wisdom)
* Play (fun, relaxation, adventure, etc.)
* Aesthetic experience (beauty, sublimity, wabi sabi, etc.)
* Friendship (family, community, companionship, etc.)
* Religion (spirituality, enlightenment)
* Autonomy, civic engagement
* Novelty/adventure
* Security /routine

What makes life bad?

* Oppression
* Lack of self-determination (autonomy)
* Boredom and meaninglessness
* Isolation and loneliness
* Extreme poverty
* Poor health
* Lack of sleep
* Ugliness
* Vice

Most business students will be introduced to Maslow’s Hierarchy of Needs. I’m not sure why that one is the go-to model for business classes, but it’s useful. Just keep in mind that Maslow’s hierarchy doesn’t provide an exhaustive list, and other frameworks may be more useful in your particular context. Try doing an image search for frameworks for ‘well-being’ or ‘human interests’ or ‘happiness’.

**Mundane harms desensitize us to greater ones.**

Mundane harm examples:

* Sally keeps scheduling me to close and then open back to back for a week, so I get no sleep, and then the next week I get no shifts at all. This harms my health and my ability to plan my life. Assuming it isn’t necessary to schedule me this way, Sally is not merely an inept manager. Her **negligence** is a moral failure, too.
* Li got a better job, so he quit on the spot. Now we have no idea where he left off in his projects. Half his work is password protected, and we don’t even know what specs the new client gave him. Now we’re all going to look incompetent. Li is perfectly entitled to quit, but he has an ethical obligation of transition. The customary two week notice is a **harm-minimizing custom**.
* Sasha is a whiz at his job, but he’s been doing it for 6 years now and he’s bored to death. He keeps asking for a transfer, a job description revision, an assistant, or *something* to help break the routine and give him a **challenge**. Management says he’s just too good at his job, so he’ll have to keep doing it. As mentioned in class, **cross training** Sasha is an easy way to maximize benefit to the firm and minimize the harm of boredom and dissatisfaction to Sasha.