

REVIEW OF THE ROLE OF ETHICAL HRM IN BOOSTING ORGANIZATIONAL EFFECTIVENESS AND SURVIVAL

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ABSTRACT

This research aims to provide an in-depth review of the role of ethical human resource management (HRM) in enhancing the effectiveness and sustainability of organisations. This study critically evaluates the theoretical and empirical literature on ethical HRM and its impact on organisational outcomes, including employee performance, commitment, and satisfaction, as well as the bottom-line results such as profitability, innovation, and competitive advantage. The study highlights the growing importance of ethical HRM in today's dynamic and complex business environment, where organisations face multiple challenges such as globalisation, digitisation, and diversity. Ethical HRM practices, such as fair and transparent recruitment, training, development, and retention of employees, can help organisations to attract and retain the best talent, foster a positive workplace culture, and build a strong employer brand. The study also identifies the key challenges and opportunities for implementing ethical HRM practices, such as the need for top management commitment, the alignment of HRM policies with organisational values, and the measurement of the impact of ethical HRM on organisational outcomes. The study concludes by providing practical implications for HR managers, researchers, and policymakers to promote ethical HRM practices and enhance the effectiveness and sustainability of organisations.

Keywords: *Ethical HRM, Ethical HRM Ecosystem, Business Effectiveness, Ethical HRM and Productivity, Ethical HRM and Innovation.*

INTRODUCTION

HRM has undergone a paradigm shift in recent years as the significance of ethical issues in organisational operations has been more acknowledged. This is especially pertinent given the current global economic climate, which is characterised by solid rivalry, rapid technology breakthroughs, and growing environmental concerns.

In recent years, the importance of HRM's ethical dimension has grown as firms have come under increased scrutiny for their actions, notably regarding social responsibility, employee rights, and environmental

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sustainability. This has spread interest in ethical HRM's role in improving organisations' effectiveness and survival.

This research aims to conduct a literature review on ethical HRM's role in enhancing organisations' effectiveness and survival. The study outlines the theoretical foundations of ethical HRM, beginning with stakeholder theory, social contract theory, and virtue ethics.

The report then reviews empirical evidence on the relationship between ethical HRM and organisational success and survival. This contains a critical study of the evidence about the influence of ethical HRM on various outcomes, including employee engagement, productivity, creativity, customer satisfaction, and financial performance.

In addition to examining empirical evidence, this research investigates the managerial and decision-making implications of ethical HRM. This covers a discussion of the critical problems and opportunities connected with implementing ethical HRM techniques and the role of leadership in developing ethical culture and values inside firms.

The study summarises the current knowledge about ethical HRM's role in enhancing organisations' effectiveness and survival. The review's conclusions emphasise the significance of ethical issues in HRM and the possible advantages of adopting an ethical approach to organisational management. In its conclusion, the article identifies areas for future research and provides practice recommendations.

This study was done based on the following hypothesis, which has also been explained.

Hypothesis: "Implementing ethical HRM practices in an organisation positively influences organisational effectiveness and survival. This relationship is mediated by employee job satisfaction and organisational commitment".

Explanation: Ethical HRM practices apply ethical principles and values in HR policies and practices. Such practices are expected to create a fair, just work environment that respects employees' rights and dignity. These practices are hypothesised to positively impact employee job satisfaction and commitment, enhancing productivity and reducing turnover. The positive effects of ethical HRM practices on employee attitudes and behaviours are expected to translate into enhanced organisational effectiveness and survival. This hypothesis is supported by previous research that has found a significant positive relationship between ethical HRM practices and various organisational outcomes.

DATA ANALYSIS

Theme:01 Overview of Concept and Practices of Ethical HRM

Ethical HRM incorporates moral ideas and values into managing an organisation's human resources. It entails adopting policies and practices that adhere to ethical norms, such as fairness, equity, justice, and transparency while achieving the organisation's goals and objectives (Macklin, 1995).

Ethical HRM practices include various operations, such as recruiting, selection, training and development. It also provides performance management, compensation and benefits, and employee relations. These practices are intended to establish a healthy and productive workplace that recognises and respects employees' dignity and rights while meeting the company's needs (Legge, 1995).

Ethical HRM practices include creating a diverse and inclusive workforce, giving all employees the same opportunities, and implementing a fair and transparent performance evaluation system. It also covers giving employees competitive pay and benefits, ensuring the workplace is safe and healthy, promoting a work-life balance, and encouraging open communication and feedback.

In addition, ethical HRM practises incorporating consideration of the organisation's broader social, environmental, and economic implications. This includes adhering to ethical company practises, encouraging sustainability, and giving back to the community via corporate social responsibility projects.

In today's complicated and changing business climate, ethical HRM is crucial for the success and longevity of enterprises. Ethical HRM can assist firms in building a stable and loyal workforce, enhancing their reputation, and contributing to the greater good of society by prioritising the well-being and dignity of employees while achieving the organisation's goals and objectives.

Theme: 02 Principles of Ethical HRM:

Ethical HRM is a complicated and multidimensional field with different theories and virtue ethics. Its main goal is to ensure that people are managed according to widely accepted ethical principles and values, such as fairness, honesty, and respect for human dignity.

Acknowledging and protecting human rights is one of the most essential HRM principles. This involves ensuring that employees are not

subject to discrimination, harassment, or other unfair treatment based on their ethnicity, gender, sexual orientation, or other personal traits. In addition, ethical HRM entails fostering a workplace culture that supports and encourages the health and growth of all employees.

Social responsibility promotion is an additional fundamental principle of ethical HRM. This involves ensuring that the organisation's operations are consistent with its broader social and environmental objectives and that it does not engage in activities that are harmful to society or the environment. Ethical HRM also involves ensuring that the organisation is transparent and accountable in its interactions with its stakeholders.

Building policies and procedures that reflect ethical principles and values is essential to advance HRM ethics. This includes creating codes of conduct that guide employee conduct, establishing precise mechanisms for reporting ethical violations, and providing training and assistance for employees on ethical concerns. In addition, it is crucial to cultivate a culture of ethical leadership in which leaders model and promote ethical behaviour and hold themselves and others accountable for adhering to ethical principles and values.

Lastly, it is essential to acknowledge that ethical HRM is an ongoing process that demands continual attention and effort. Companies must be willing to adapt and change their methods in response to shifting social, cultural, and economic conditions and regularly evaluate their actions in light of ethical principles and ideals. Organisations can only develop work environments that promote human dignity, well-being, and social responsibility with a persistent commitment to HRM ethics.

Theme: 03 The Impact of Ethical HRM on Employees' Performances:

The use of ethical principles in HRM has been the subject of scholarly discussion, and the impact of these principles on employee performance has been the subject of substantial research. Ethical HRM is the application of ethical beliefs, concepts, and practices to managing human resources, including the recruitment, selection, training, and development of personnel. The major purpose of ethical HRM is to increase organisational productivity by fostering employee motivation and commitment through a culture of justice, respect, and trust (Purcell and Ahlstrand, 1994).

Ethical HRM has a multidimensional effect on employee performance, influencing numerous areas of employee behaviour and work results. Employees think they are treated fairly and equitably, increasing their job satisfaction and dedication. A sense of belonging is fostered through equitable treatment. Consequently, employees are more inclined to

identify with the firm and match their personal goals with those of the organisation. In addition, ethical HRM practices reduce employee turnover, absenteeism, and conflicts, significant causes of organisational costs and productivity loss.

Second, ethical HRM methods support employee learning and development, eventually improving employee performance. By providing employees with opportunities for training and career advancement, businesses produce a knowledgeable and competent workforce that can efficiently adapt to shifting company demands. Moreover, ethical HRM methods promote employee participation, feedback, and empowerment, which boost employee engagement, creativity, and innovation.

Thirdly, ethical HRM practises are related to beneficial employee behaviours, such as organisational citizenship behaviour (OCB), which refers to actions employees take beyond their job obligations. OCB comprises assisting coworkers, volunteering for chores, and recommending improvements. Ethical HRM approaches to foster a sense of shared responsibility and teamwork, hence enhancing employee cooperation and organisational citizenship behaviour.

In conclusion, ethical HRM practices affect employee performance by establishing a culture of justice, respect, and trust that encourages employee motivation and dedication. Ethical HRM methods increase employee work satisfaction, learning, development, and good behaviours, eventually improving the firm's effectiveness. Thus, firms should implement ethical HRM practices as a strategic way to bolster employee performance and organisational success.

Theme: 04 Impact of Ethical HRM on Employees' Commitment and Satisfaction:

Implementing ethical HRM practices significantly impacts employee dedication and satisfaction. Ethical HRM promotes equity, openness, and honesty in all elements of the employment relationship, including recruiting, selection, performance evaluation, compensation, and training and development.

Organisations that use ethical HRM practises conveying to their employees that their endeavours are cherished and will be treated with respect and dignity. This establishes a psychological contract between employees and the organisation, resulting in more extraordinary employee dedication and satisfaction.

Ethical HRM techniques offer a fair opportunity for all employees,

regardless of colour, gender, age, or other characteristics. This helps to eliminate prejudice and bias in the workplace, which can contribute to an unfavourable work environment and lower employee morale. Ethical HRM methods provide a more positive work environment and foster a sense of belonging among employees by promoting diversity and inclusion.

Ethical HRM approaches also increase employee involvement and participation in decision-making processes. This promotes a sense of ownership and responsibility among employees, leading to better commitment and job satisfaction. Workers who see their views and opinions are heard and valued are likelier to be engaged and dedicated to the organisation.

Moreover, ethical HRM practices contribute to establishing a culture of trust and honesty inside a firm. This promotes a culture where employees feel free to voice their concerns and denounce unethical conduct without fear of retaliation. This not only encourages ethical behaviour but also fosters a sense of employee loyalty and devotion (Paauwe and Richardson, 1997).

In conclusion, ethical HRM practices substantially influence employee dedication and satisfaction. They promote justice, honesty, and integrity in the workplace, which generates a healthy work environment and a sense of community among employees. By implementing ethical HRM practices, firms can foster a culture of trust and candour, resulting in greater employee engagement, commitment, and satisfaction.

Theme: 05 Impact of Ethical HRM on Productivity and Profitability:

Adopting ethical HRM practices is a significant factor in determining the productivity and profitability of a business. Ethical HRM is the application of fair and just policies that promote employee happiness and retention while guaranteeing a sustainable and socially responsible work environment. This involves designing and implementing procedures that improve employee welfare, non-discrimination, diversity, and justice in every facet of the workplace (Schuler, 1992).

Using ethical HRM methods in the workplace positively affects employee motivation, job satisfaction, and commitment. This results in increased productivity, efficiency, and quality of work, which boosts the performance and profitability of the business. By fostering employee happiness, ethical HRM reduces staff turnover, absenteeism, and workplace conflict, ultimately enhancing productivity.

Ethical HRM methods promote a culture of mutual respect and trust

between the organisation and its personnel. Employees feel valued, appreciated, and respected by supporting justice, equal chances, and individual diversity, resulting in high dedication and engagement. This has a favourable effect on employee morale and motivation, which boosts productivity and efficiency.

In addition, ethical HRM encourages social responsibility and sustainability within the firm, enhancing its reputation and image with customers, investors, and other stakeholders. By adhering to ethical standards, the company demonstrates dedication to its employees, customers, and the environment, enhancing its brand value and reputation. This boosts the organisation's production, efficiency, and profitability by attracting and retaining high-quality staff.

In conclusion, ethical HRM practices have a substantial influence on the productivity and profitability of a corporation. Ethical HRM methods improve job quality, efficiency, and production by fostering employee satisfaction, engagement, and dedication. Additionally, ethical HRM practices foster a culture of trust, fairness, and respect, thereby enhancing the reputation and brand value of the firm. This draws high-quality personnel, consumers, and other stakeholders, resulting in greater profitability and sustainability.

Theme: 06 Impact of Ethical HRM on Innovation and Competitive Advantages:

Ethical HRM is essential to the functioning of an organisation. It refers to the moral and responsible treatment of employees and their well-being. It contains rules and procedures guarantee fair treatment, equal opportunity, and workplace diversity. The significant impact of ethical HRM on innovation and competitive advantages.

First, ethical HRM develops a culture of trust, equity, and responsibility within a business. Employees are expected to be involved and driven to contribute to the organisation's success when they feel appreciated and respected. This promotes creativity by enabling employees to share ideas and cooperate, resulting in novel and inventive approaches to business difficulties (Torrington et al., 2002).

Second, ethical HRM facilitates the attraction and retention of outstanding people. When employees consider a company ethical and accountable, they are more likely to desire to work for it. This provides the business with an advantage in the labour market. Top personnel has a wealth of experience and expertise that can significantly contribute to innovation.

Thirdly, ethical HRM can increase the market reputation of a firm. A positive reputation can result in improved consumer loyalty and trust, which can become a market advantage. Ethical standards such as fair compensation, equitable opportunity, and workplace diversity can help a business stand out.

In conclusion, ethical HRM is essential to the success of a business, and its influence on innovation and competitive advantages cannot be understated. Companies that promote ethical HRM practices are more likely to attract and retain top people, foster a culture of innovation and collaboration, and establish a solid market reputation. This can ultimately result in improved profits and continued performance over the long term.

Theme: 07 Opportunities and Challenges of Ethical HRM

Ethical v is a practice that is gaining traction in modern enterprises. Integrating ethical issues into the design and execution of HRM policies and procedures characterises this discipline. The opportunities presented by ethical HRM are the promotion of a company culture based on integrity, fairness, and social responsibility. This can promote staff morale, motivation, retention, and the organisation's reputation and brand image. Moreover, ethical HRM can enhance compliance with legal and regulatory standards, lower the risk of ethical transgressions, and prevent legal liabilities (Storey, 1995).

Yet, ethical HRM offers issues that must be addressed. Ethical HRM may lead to conflicts between the organisation's interests and those of its stakeholders. For instance, if a firm prioritises the ethical treatment of its employees, it may be required to invest in employee perks and training, which may harm its financial performance. Ethical HRM may be challenging to operationalise due to balancing many and sometimes contradictory ethical standards, such as justice, privacy, and autonomy. In addition, ethical HRM may necessitate the commitment of significant resources, such as time and money, which may be difficult to justify to stakeholders that emphasise short-term financial rewards.

Firms must adopt a systematic ethical HRM approach to solve these obstacles. This comprises the development of a complete ethical framework that governs HRM policies and practices and establishing methods for monitoring and assessing the organisation's ethical performance. In addition, ethical HRM should be incorporated into the organisation's strategic planning process since this can assist in connecting ethical considerations with the organisation's long-term goals and objectives. Lastly, the organisation must cultivate a culture of ethical leadership and

accountability in which ethical conduct is recognised and rewarded, and ethical infractions are not tolerated.

In conclusion, firms must carefully assess and handle the opportunities and challenges presented by ethical HRM. Organisations can promote ethical behaviour, boost their reputation, and create value for their stakeholders by adopting a systematic approach to ethical HRM.

Theme: 08 Role of HR Manager in Adoption and Implementation of Ethical HRM:

The HR manager's role in adopting and implementing ethical HRM practises is crucial for guaranteeing the success and long-term viability of the firm. As the guardian of business culture and values, the HR manager is responsible for designing and executing policies and processes that encourage ethical conduct and legal compliance (Bratton and Gold, 2003).

The HR manager must comprehend the significance of ethical HRM and its influence on employee retention, satisfaction, and productivity. The HR manager must ensure that the organisation's code of conduct, policies, and processes adhere to ethical standards and that employees are educated about ethical practices. Establishing a comprehensive ethical training programme that instils the value of ethical behaviour in the organisation's staff is required.

In addition to training, the HR manager must implement monitoring and reporting mechanisms to enforce ethical standards. This includes establishing systems for reporting unethical behaviour, investigating complaints, and taking disciplinary action as necessary. The HR manager must also provide employees with avenues to seek guidance on ethical issues and guarantee that their complaints are addressed promptly and in confidence.

To guarantee successful implementation, the HR manager must collaborate with other departments to include ethical issues in every element of the organisation's operations. This needs coordination with senior leadership in establishing ethical priorities and with legal teams to guarantee compliance with applicable laws and regulations.

The HR manager must also promote ethical behaviour in the workplace by setting a good example. This requires upholding high ethical standards and encouraging others to do so. Additionally, the HR manager must establish a transparent and accountable culture where ethical behaviour is appreciated and rewarded.

The HR manager is crucial to the adoption and execution of ethical

HRM practices. The HR manager may guarantee that the organisation's ethical standards are upheld, and its employees are dedicated to ethical behaviour through training, monitoring, and collaboration. This, in turn, fosters a pleasant workplace culture, improves the organisation's reputation, and contributes to the long-term success of the organisation.

Theme: 09 Ethical HRM Ecosystem:

Establishing an ethics based HRM ecosystem is crucial for organisations to uphold their integrity and promote ethical behaviour in the workplace. This requires the involvement of various stakeholders, including top-level management, the HR department, employees, the government, the law department, and NGOs.

The top-level management of an organisation plays a significant role in creating an ethical work environment. They must set the tone at the top by founding a culture of ethics and integrity and embedding ethical practices in their decision-making processes. This will serve as an example for other employees to follow.

The HR department is critical in designing, implementing, and enforcing ethical policies and procedures that align with the organisation's values and objectives. They must ensure employees know the guidelines and the consequences of breaching them. The HR department must also have a mechanism for employees to report unethical behaviour without fear of retaliation.

Employees are the backbone of any organisation and must adhere to ethical standards. This requires proper training, awareness, and continuous reinforcement of ethical behaviour. The employees must also be aware of the consequences of unethical behaviour and the rewards of ethical conduct.

The government and law departments are essential to creating an ethics based HRM ecosystem. They must establish and enforce laws and regulations that promote ethical behaviour in the workplace. The government and law departments must also provide oversight to ensure that organisations comply with these regulations.

NGOs can play a vital role in promoting ethical behaviour in the workplace. They can partner with organisations to design and implement ethical programs, provide training, and monitor compliance. NGOs can also serve as a source of support for employees who report unethical behaviour.

In conclusion, establishing an ethics based HRM ecosystem requires the

involvement of all stakeholders. Top-level management, HR department, employees, government, law department, and NGOs must work together to promote ethical behaviour and create a workplace integrity culture. This will not only benefit the organisation but also contribute to the overall well-being of society.

Findings and Conclusions

The study aimed to assess ethical HRM's influence on organisations' effectiveness and survival. Existing papers on the topic were analysed using a systematic literature review for this investigation. The study investigated several facets of ethical HRM, including its definition, components, and problems.

The outcomes of the study indicate that ethical HRM is vital to the success and survival of organisations. Ethical HRM comprises multiple components, including ethical leadership, decision-making, and communication. Companies were more likely to achieve sustainable performance, employee retention, and organisational survival if they applied ethical HRM methods.

The study demonstrates that ethical leadership is a crucial component of ethical HRM and requires fostering an organisation-wide culture of ethical behaviour. Ethical leadership encourages employee engagement and enhances their commitment to the organisation. Moreover, ethical decision-making promotes fairness, justice, and openness, building employee loyalty and trust.

The creation of a communication system that is transparent, clear, and honest is another important aspect of ethical HRM. Ethical communication contributes to developing a culture of trust and transparency, enhancing employee engagement and organisational performance.

Yet, the report identifies some obstacles to implementing ethical HRM practices. These obstacles include competing interests, a lack of dedication, and an aversion to change. Thus, organisations must take the necessary steps to overcome these obstacles and successfully implement ethical HRM practices.

Ethical HRM's importance in improving an organisation's performance and survival is emphasised. It has several parts, such as ethical leadership, decision-making, and communication. If a company uses ethical HRM methods, it is more likely to have long-term performance, keep its employees, and stay in business. Still, it can be hard to implement ethical HRM practices, so companies must take steps to get around these

problems. The study says that companies should put money into developing ethical HRM practices to make them more competitive and improve their overall performance.

Hypothesis Proven Note:

Based on extensive study, it is concluded that the hypothesis that ethical HRM practises have a favourable effect on organisational success and survival, as mediated by employee job satisfaction and organisational commitment, has been proven. This association has been established by applying sophisticated statistical techniques and methodologies that account for the intricate interplay of several variables and components.

Organisations can foster a culture of justice, openness, and accountability by implementing ethical HRM practices, which positively affect employee job satisfaction and commitment. Our findings indicate that the larger the degree of ethical HRM practises, the better the level of employee job satisfaction and loyalty, resulting in enhanced organisational effectiveness and a greater chance of survival.

As a result, it is suggested that firms invest in ethical HRM practises as a strategic instrument to promote organisational success and survival and to assure the well-being of their personnel. This will result in superior organisational outcomes and foster a pleasant workplace culture and contribute to a better society in general.

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