

Vulnerability of HR Systems and Practices to Corruption: A Review and Research Agenda

J. Vinayan

Abstract

Greenwood (2002) in her seminal essay brought out the subtle, yet significant differences between mainstream HRM, critical HRM and ethical HRM. She conceptualized ethical HRM as a moral activity with potential to enhance quality of life as against mainstream HRM being just an organizational tool and critical HRM merely as a control device. Several studies have examined the relationship between HR practices and profitability, turnover etc. in different settings and HR practices were found to be positively related to these performance parameters. This domain of ethical HRM is even more relevant in today's globalized workplaces with multi-location, multi-culture, multi-time-zone working styles of organizations. Corruption can be present in every aspect or area of an organization's work which is 'sensitive' since it involves use of discretion, power, responsibility, possibility of private benefit etc. and HR Systems and practices find a position in this set of 'sensitive' functions. This paper collates from literature, the ethics-sensitive (therefore 'vulnerable') practices in the HRM domain such as performance appraisals, education, training and practice, recruitment and hiring, risk management etc. The experiences and literature from diverse geo-political and socio-economic scenarios are scrutinized including a meta-analysis and several macro-analyses. The paper proposes a research agenda in ethical HRM domain to bring in fresh perspectives to new emerging areas of concern and relevance on account of the latest global trends and practices.

1. Introduction: Ethics and HRM

In her seminal paper 'Ethics and HRM: A review and analysis' Greenwood (2002) developed the concept of ethical analysis of human resource management (HRM). Greenwood (2002) defined HRM as the productive use of people in achieving the organization's strategic business objectives and the satisfaction of individual employee needs. Greenwood (2002) brings out the

differences between the mainstream and the critical perspectives of HRM in developing and positioning the ethical perspective. For this, she follows the Kantian (the Moral question) and utilitarian (the end usefulness question) ethical theories as applied to the gestalt of HRM, in its entirety (Stone, 1998). She differentiates mainstream HRM as being mostly US based, individualist, unitarist, prescriptive and as a practitioner oriented tool and Critical HRM is seen as mostly UK based, collectivist, pluralist, analytic, and as an academic oriented conceptual and control device. The concept of 'Ethical' HRM furthered the ethical analysis of HRM drawing on the assumptions of affirmative obligation and ideas from stakeholder theory, Kantian ethics and utilitarianism. Later, Greenwood (2013) positions ethical HRM as broadly based (neither US nor UK), with antecedents in social philosophy and applied ethics, nominalism as the ontological nature of reality, anti-positivism as the epistemological understanding of knowledge and conceptual (ideographic) analysis as the methodological tool used in enquiry. She conceptualizes ethical HRM as a moral activity with potential to enhance quality of life as against Mainstream HRM being just an organizational tool and critical HRM merely as a control device. Today's discussions on corruption vulnerability in HRM functions can be seen to be linked to the original thoughts propounded in the two papers by Greenwood (2002 and 2013).

Rhodes & Harvey (2012) differed somewhat with Greenwood's conceptualization in presenting a re-evaluation of the way ethics is promoted and understood within Mainstream HRM discourse. They theorized on the possibilities of a relationship between ethics and HRM that does not place HRM at its center as the chief intermediary and interpreter of the ethics of the employment relationship, rather sees HRM as being a powerful player in a set of 'agonistic' (as different from 'antagonistic') socio-ethical relationships (Rhodes & Harvey 2012).

An earlier version of the manuscript was submitted to O. P. Jindal Global University.

2. Significance of HR Systems and Practices

The body of research examining the relationship between HR practices and firm performance has grown exponentially over the past few years. The seminal work in this area was produced by Huselid (1995), who examined the relationship between HR practices and corporate turnover, profitability and market value. After controlling for a number of variables, he found that his HR Index was significantly related to the gross rate of return on assets (a measure of profitability). Delery and Doty (1996) examined the relationship between HR practices and profitability in a sample of banks in the US and they found that, in general, HR practices were positively related to profitability. Guthrie (2001) noted that HR practices had an impact on turnover, and that the relationship between retention and productivity was positive when firms implemented high-involvement HR practices, but negative when they did not. While financial performance may serve as an organization's blood, human resource practices are its heart. Ethical firms treat their employees, - as well as owners, customers, suppliers, local community and natural environment, with respect and dignity (Collins, 2000). These studies have established the significant and positive relationships between HR Practices and Systems with the organizational turnover, return on assets, profitability, as well as employee morale, motivation and public and stakeholder goodwill.

3. HR Practices & Systems

Wright et al. (1994), distinguished between the firm's human resources (i.e., the human capital pool) and HR practices (i.e., those HR tools used to manage the human capital pool). The HR practices include staffing, training, rewards, appraisal, work design, participation, recognition and communication (Wright et al., 2001). Turner, Imbaruddin and Sutiono (2009) have examined the major elements of HRM at the subnational and organizational level - recruitment and selection; promotion and advancement; training and development; remuneration; and performance management. A set of such elements or practices designed to act together to carry out an organizational HR function is an HR system; much like a performance appraisal system, recruitment system, rewards system etc. Strategic HRM is a sub-field of human resource management (HRM), devoted to exploring HR's role in supporting business strategy

with one of its aims being to provide one avenue for demonstrating the value of HRM to the firm (Wright et al., 2001). In a study applying Resource Based View (RBV) to Strategic HRM, Wright et al. (1994) argued for imitability of individual practices whereas, Lado and Wilson (1994) noted that the system of HR practices, with all the complementarities and interdependencies among the set of practices, would be impossible to imitate. This point of view seems well accepted within the current Strategic HRM paradigm (Snell, Youndt & Wright, 1996). This also serves to place in context the concepts of HR Practices, HR Systems and Human Resources per se.

4. Concept of Corruption

The notion of corrupt behaviour somewhat overlaps with related notions in the management literature, such as unethical behaviour, antisocial behaviour, dysfunctional deviance, organizational misbehaviour and counter productive work behaviour. (Ashforth, Gioia, Robinson & Trevino, 2008). But they also point out that Corruption differs from all of these organizational outcomes in two specific ways: Corruption implies a wilful perversion of order, ideals and, most importantly, trust. It can be defined as (Ashforth, Gioia, Robinson & Trevino, 2008) the illicit use of one's position or power for perceived personal or collective gain, and is considered to be dangerous like a 'virus-like' infection of an individual, a group or an organization.

Corruption is a source of concern for governments, entrepreneurs, private individuals, non-governmental organizations, private companies and indeed the society as a whole (Argandona, 2001). Corruption is characterized by some preconditions such as: 1) a power or influence that someone (say, a civil servant, politician, manager or employee) has, in the exercise of a public or private function; 2) a discretionality derived from this power or influence that enables that person to make certain decisions on an exclusive basis; 3) certain duties associated with the position or function in the public office, company or institution in which the person who has power or influence works or serves; 4) the incorrect exercise (contrary to, or not aligned with, the duties associated with the position or function) of that power or influence, or the attempt to cause such incorrect exercise, either by the decision-maker or executor himself

or by another person within or outside of the organization; and 5) a private benefit for the person performing the corrupt act, or for another person, company, organization, political party (Argandona, 2001).

For the purpose of this paper, I propose that if any activity exists in an organization where the organizational member's position or situation satisfies any one or more of the above five preconditions, like discretion, power, responsibility, possibility of private benefit etc., such an activity can be considered vulnerable to corruption or can be called a 'sensitive' activity. Corruption can be present in every aspect or area of an organization's work which is sensitive by the above definition, the common ones being procurements, sales, tendering of works, allotment of resources, managing vendors or suppliers etc. As mentioned earlier, HR encompasses 'sensitive' activities like recruitments, transfers, postings, promotions, rewards and punishments. All these activities are characterized by a certain 'discretionality' with respect to functions or duties entrusted to individuals in the HR function by virtue of their positions, the possibility of obtaining a benefit or avoiding an expense for one or more individuals as against the public good, wielding power for doling out favours or punishments at one's whims, presence of large and complicated or opaque rules and procedures known to few personnel, etc. Such being the domain of HR Systems, HR as a whole, certainly can be considered a 'sensitive' domain, and its practices and systems, vulnerable to corruption.

In the context of HR Practices and Systems, we can see that the following general observation by Argandona (2001) is apposite: corruption usually takes place in a context of opaqueness (or non-transparent nature) in the rules or in the initial conditions, or in a context of concealed information. This characterization of corruption is not a definition as such; it only seeks to delimit the scope of the actions we call corrupt (Argandona, 2001). Corruption is often associated with non-performance of a duty, mandate, law, regulation, rule, contract or (explicit or implicit) commitment to act always in accordance with the interests of the public office or company in which the corrupt person renders his services. This is often pointed out as "looking the other way". There are also other situations where the aspect of non-performance does not occur, like a

bureaucrat-politician-businessman nexus erecting barriers to entry of competition, or creating monopoly-like situations; but these are also generally classified as corruption since they are for private benefit, and not in public interest (Argandona, 2001).

Incidence of corrupt or unethical behaviour in an organizational setting is not fortuitous. Whether we are looking at corruption in the HR function or in any other function, it is very often institutionalized, well rationalized and entrenched in the system. Extortion and bribery are much more profitable and entail much less risk when they are organized and disseminated. The vertical and horizontal integration of corruption (at different levels and in different offices) makes for optimal return, reduces the likelihood of being caught and facilitates protection. In addition, corruption is contagious: it creates complicity, it acts as a "demonstration effect" vis-a-vis the other organizational members, provides information about opportunities and the means to exploit them, and creates an atmosphere of impunity. In the end, individual corruption may degenerate into a general situation of favor-carrying, subservience, and "protection". Situations of corruption may also occur within the company, between the company or the environment because the same conditions described can also arise within the company's internal HR processes as well as through interactions with the external world like recruitments from the market. First, managers (and, on a smaller scale, employees too) have a broad margin for discretionality, because it is not possible to put down in a contract all foreseeable actions, nor measure performance with suitable variables, nor adequately supervise managers' activities without incurring high monitoring costs. The other factors affecting (an HR) Managers' attitude to a possible unethical decision (opportunity for profit, cost of the corruption, etc.) are similar to those mentioned previously (from Argandona, 2001). In particular, a person's chances of obtaining an extraordinary benefit in his/her dealings within a company will depend on various factors like the transparency of the procedures, availability of ethical codes, ethical leadership, the organizational culture, the societal and environmental factors as well as the individual predisposition of the organizational members involved. When HR functions become vulnerable to corruption and get affected by it, it affects all other functions adversely, by virtue of the

pivotal role played by HRM function touching every other function in the organization. In this context, corruption becomes an evolutionary hazard, a strategic impediment, a competitive disadvantage and an organizational deficiency' (Luo, Aug 2002). Thus the literature shows that like any other sensitive function, HR systems and practices also are vulnerable to the threat of internal corrupt activity. Let us now take a closer look at which particular practices are the most sensitive in this domain.

5. Vulnerable Practices in HR

With individuals (or groups/committees etc.) being given discretionary powers to decide on matters of recruitment, hiring, transfer, postings, promotions, rewards and punishments within the organization, we open up several avenues for unethical practices to emerge. Particularly in organizations where transparency and equal opportunity are not insisted upon or modelled by the senior and top management, the vulnerability of these functions get even more acute.

5.1) Performance Appraisals and promotions are widely used as an HR instrument, and often an area of abuse and misuse. A study among 332 police officers examined the effects of performance appraisals from a behavioral ethics perspective. A singular yearly performance appraisal was linked to both ethical and unethical behaviors at work. A finding was that ethical and unethical aspects of employee behavior share several of the same organizational antecedents, namely organizational justice perceptions, and this has strong practical implications (Jacobs, Belschak & Den Hartog, 2014).

The performance appraisal interview is an important managerial practice that triggers justice perceptions (Folger and Cropanzano 1998; Greenberg 1990; Heslin and VandeWalle 2011; Holbrook 2002). Even though appraisals represent short, single events in the magnitude of daily interactions at the workplace, they have a huge impact on employees. Appraisals offer supervisors the opportunity to give performance feedback, agree on targets or work goals, establish a basis for promotion and salary decisions, and discuss employees' career ambitions. These activities, in turn,

have strong implications for employees' position in the organization and their career development, which affects their attitudes (e.g., satisfaction, commitment, trust) and work behaviors (e.g., Mayer and Davis, 1999). Thus, a sense of justice in relation to appraisal is important for employees, and HRM practices in this system are particularly vulnerable to misuse and abuse, if the management is not vigilant about it.

5.2) Training and Education: Petrick, (2012) points out that the challenge of managing people ethically based upon an ethical human resources (HR) education or training is a daunting task at any time and place. The great global recession that originated in the U.S. and the lack of U.S. human resource management (HRM) accountability for recruiting and rewarding irresponsible CEOs and financial risk managers that directly contributed to the crisis has aroused public concern about perceived amoral HRM education and practice (Gillespie and Zweig, 2011; Körten, 2010; Morgenson and Rosner, 2011). One commonly voiced complaint is that the HR Managers will always conform to the views of the Management, irrespective of the morality (or lack of it) in the Management decisions, pointing to lack of professionalism and sychophancy. The relative lack of corporate HR managers in the U.S. engaged in whistle blowing during the numerous domestic business scandals from Enron to the present has severely undermined employee and public trust in HR professionalism (Kanes, 2010; Maister, 2000; Rendtorff, 2009;). There is a growing stakeholder demand for more morally responsible HRM education and practice in the US as well as elsewhere. HR managers become professionals by sustained performance that meets all of the definitional dimensions of professionalism, including service for the common good of society and universally accepted tenets of ethics. Even if slavery (or racial discrimination or prohibiting the right of freedom of association) were permitted by custom, common law, federal and state law, executive order, or by a collective bargaining contract, it would still be a violation of core human rights principles that support the common good of society.

5.3) Responsible HR Practices vs Stakeholder Interests: The key context for morally responsible HRM education

and practice is multi-dimensional and divided by two overarching perspectives on the purpose of business and the corporation: the monotonist and the pluralist perspectives (Donaldson and Dunfee, 1999). The monotonist perspective maintains that the purpose of business and the corporation is the legal, short-term maximization of shareholder wealth (Friedman, 2002). From the monotonist perspective, responsible HRM practice requires that HR professionals eschew any extra-shareholder considerations in decision-making as reflecting inappropriate social, political, moral or cultural influences, possible violations of innate property rights, or even subterfuges that would allow HR managers to act in furtherance of their own interests to the detriment of aggregate investor interests. The monotonist view endorses investor capitalism and the efficient market hypothesis, i.e., that the unregulated market guided by an invisible hand will always generate the most efficient, rapid, and accurate determination of the price of any entity including human resources. The sole economic and moral purpose of HRM education and practice is to deliver legal, short-term financial results to investors through the management of human capital (Ulrich, 1998). The pluralist perspective maintains that the purpose of business and the corporation is the long-term maximization of shareholder wealth and the addition of value to other market and non-market stakeholders (Donaldson and Dunfee, 1999; Petrick 2010; Blanpain, Bromwich, Rymkevich and Senatori, 2011). The pluralist perspective endorses fiduciary respect for multiple stakeholders (Boatright, 1994; Freeman, Harrison, Wicks, Parmar, and DeCole, 2010), sustainable stakeholder capitalism (SSC) (Petrick, 2010), and the reasonably regulated market hypothesis, i.e., only the properly regulated market shaped by the visible hand of responsible leaders will likely generate the most efficient, rapid, and accurate determination of the price of any entity including human resources. From the pluralist perspective, responsible HRM practice requires that HR managers include stakeholder considerations in decision-making and override short-term maximization of shareholder wealth interests when either evidence-based authentic community norms or evidence-based universal, international hypernorms are

better in meeting aggregate stakeholder interests (Boemer and Sickles, 2010; Gosling and Huang, 2009). For example, the responsible pluralist HRM educator or practitioner would be expected to resist a tobacco firm's hiring employees to implement an advertising strategy encouraging pre-teens to smoke because it would violate authentic domestic community norms and to also resist recruiting sales representatives to sell carcinogenic-contaminated baby diapers in poor countries with insufficient legal or social institutions to control the sale of such products because the sale would violate the universal norm of refraining from doing intentional harm to others - even if short-term profits would be generated for investors (Donaldson and Dunfee, 1999).

5.4) Appointments: If the HRM function in an organization makes political (or otherwise influenced) appointments without a proper focus on the right qualifications and skills needed for a job in the public sector, and in even private companies, these appointments may affect productivity. This leads to poor turnaround times in dealing with suspensions of senior managers or hasty decisions to dismiss managers without proper investigation (Meyer, Roodt & Robbins 2011). Deloitte (2008) argue that every business scandal or regulatory violation ultimately has its roots in the workforce. That is why HR practitioners must expand their role from stewards (which focuses on workforce compliance and administration) to strategists (which affects governance, risk and compliance issue with a human element). HR practitioners should also play a more proactive role in ensuring the appointment of staff with the right abilities, values and ethical culture. Organizations place too much emphasis on the technical knowledge and skills of employees and not enough on their ethical character and behavioural fit. Organizations need to consider the psychological contractual front. Employee's values and needs must align with the values and culture of the company. HR practitioners can help line managers to probe for character fairly and legally when conducting interviews. In addition, organizations need HR due diligence to prevent the damage that incompetence causes (Deloitte, 2008).

6. HR Risk Management

HR risk management addresses key HR risk issues like reducing risk, HR due diligence, the role of HR committees, implementing codes of ethics and fair labour practices. Companies should identify HR risks in different sites or countries and develop proactive risk-reducing plans to deal effectively with these risks (Meyer, Roodt & Robbins 2011). Fraud, Corruption, theft and other unethical practices are common types of human resources risks where companies could lose large amounts of money and their reputation is adversely affected.

Very few rigorous academic studies on corruption/ethics in the HR domain are seen either in major private sector organizations/industries or in public sector organizations. We do hear about recruitment scams in the public sector in India such as the VYAPAM scandal (2015) of Madhya Pradesh State Government, India, or the occasional Railway Recruitment Board irregularities. But on the one hand these are not recruitments done by HR departments of organizations, but by specialist government agencies engaged in manpower hiring for Government positions; and on the other hand the only information we have on these incidents are the media reports rather than robust research studies. Further, rigorous academic studies are also not very forthcoming from the private sector corporations. Possibly due to the negative connotations and stigma attached to corruption, that too in the core management function of man-management, one can only presume that the organizations will be highly reluctant to open up these issues to public or academic scrutiny. However, there are some significant efforts made in certain pockets like the study in Poland (see Ryan, 2006). The five specific categories analyzed by Ryan (2006) for looking at ethical personnel management. are: (1) Ethical issues in recruitment; (2) Ethical issues in hiring (Discrimination issues); (3) Ethical issues in performance appraisals and promotions; (4) Abuse of authority (including sexual harassment), and (5) "Mobbing". Though many of the issues analyzed are typical of the Polish ethos, we do see several universal themes in the observations made. The key observations in this (rare in this domain) academic paper in this area are discussed below so as

to accentuate their appositeness in most of the other economies.

Ryan, (2006), analyzed the ethics and corruption related issues in the HRM function under several heads. Under Ethical issues in recruitment and hiring, the common irregularities highlighted are, giving employment to friends, political nominees/favours or cronies, recruitment not being done in a transparent manner, not giving proper job description or proper contracts terms, job interviews being unstructured, informal and just a formality, invading privacy of prospective employees, unfair discrimination between candidates based on age, sex, religion, political affiliation etc. instead of merit, and discrimination in the hiring of women was very seriously highlighted. (Ryan, 2006). Under Ethical issues in performance appraisal and promotions, (unequal treatment of employees) the commonly highlighted issues were related to their lack of transparency. No policy of periodic reviews and performance appraisals existed in many firms, especially smaller firms. In other companies the policy, if it does exist, is not transparent or is poorly defined. It has also been reported, especially about performance appraisal, that whatever system does exist is often administered with a bias. Just like in recruitment, nepotism, favouritism and cronyism is seen to be frequently encountered in performance appraisal and promotions, postings etc. Under Abuse of Authority the issue of ethical leadership (or lack of it) is the major cause for concern, with arbitrariness, whimsy, capriciousness, spying or 'pimping' employees to report on other employees, abusing relationships, disrespect for women or minorities, setting bad examples for subordinates in business practice, bullying or intimidation by seniors are reported. Mobbing is a rather unique phenomenon which describes actions relating to the employee or directed against the employee, which consist of persistent and sustained harassment or intimidation of the employee, resulting in the employee's feelings of diminished professional usefulness, causing or aimed at humiliating or ridiculing the employee, isolating or placing him outside the workers community. This last risk is something more frequently observed in socialist settings, like Poland, erstwhile Soviet bloc countries

where the labour is heavily unionized, politicized and permanently at loggerheads with other unions and with managements. It is also observed in some local markets in the Third world like Kerala and West Bengal in India with long histories of governance by Communist/Socialist led coalition groupings. Managements in such systems are legally bound to provide protection to employees against mobbing but very often, are seen to be playing along with the system. Other ethical areas affecting HRM include bribery and corruption, false documentation, lying, cheating etc. which are clearly an overlap of the general societal environment into the HRM domain of study.

7. Some Other Experiences across the World

Europe: Ryan, (2006), has based his study on a sample in socialist Poland, which, as discussed above, revealed several issues regarding HRM practices' vulnerability to abuse, some of them unique to Poland, some definitely generalizable, as seen in the above discussion.

Africa- Nigeria: Okpara & Wynn (2008) made an exhaustive study to examine the extent to which organizations in Nigeria use various human resource management (HRM) practices, and the perceived challenges and prospects of these practices. The findings reveal that HRM practices, such as training, recruitment, compensation, performance appraisal and reward systems, are still in place in numerous organizations. With regard to the challenges HRM professionals face, issues of tribalism, corruption, government regulations and resistance to change are some of the challenges identified by the respondents as issues which must be addressed. These issues have inhibited management and economic development in Nigeria and stained the country's image. Unethical business practices have also tarnished the country's image, and in 2002, Nigeria was rated as one of the most corrupt countries in the world (Transparency International Report, 2002).

South Africa: Meyer, Roodt & Robbins (2011) in a study done in South Africa, stated that against a backdrop of uneven and uncertain economic recovery, the worldwide economic recession has led to a renewed focus on

managing risk. The South African Board for People Practices (SABPP) identified the management of HR risk as one of the most important opportunities that HR practitioners have for adding value to the new governance dispensation in the country.

United States: In fact, the 2009 Ernest and Young Business Risk Report highlighted the importance of HR risk management. Christopher Lipski, HR Risk Management Service Line Leader in the United States of America (USA), said that 'managing risk in the HR area has become an increasingly important issue for global executives' (Ernest & Young, 2009, as quoted by Meyer, Roodt & Robbins 2011).

This article by Meyer, Roodt & Robbins (2011), gives a brief overview of the importance of managing risk from an HR risk management perspective. The point of departure is that, in addition to other factors in business, a lack of proper HR risk management contributes to poor governance because businesses often use a reactive approach to HR management with no or little regard for managing risk. Risks are 'uncertain future events which, left unchecked, could adversely influence the achievement of a company's business objectives' (Naidoo, 2002). The purpose of managing risk is to ensure the effectiveness and efficiency of operations, to enforce compliance with regulations, to support business sustainability, to ensure reliable reporting to stakeholders and to ensure responsible behaviour. (the requirements in italics, being clear pointers for eliminating corruption and unethical behaviour, and increasing transparency). People risks include company culture, talent shortages and retention, incompetence, employee performance, unethical behaviour, low morale, grievances and disputes, excessive absenteeism, employee wellness, sabotage, workplace violence, as well as non-compliance with industry and other regulations and laws. All these are areas where HR Systems Practices have a crucial role to play, both in detecting and eliminating the problem as well as preventing its occurrence in the first place..

We have so far seen several micro-level studies in this field. Now we will look at some macro-meta analyses.

8. Meta-analysis and other Macro Analyses

In 2000, Journal of Business Ethics published an analysis of the first 1500 Articles published in it since inception in 1982, in an article entitled 'The quest to improve the human condition: the first 1500 articles published in Journal of Business Ethics'(Collins, 2000). This article in its second half provides an analysis of quantitative research findings on certain key topics from the 1500 articles studied. The major research topics include, prevalence of ethical behaviour, ethical sensitivities, ethics codes and programs, corporate social programs and policies, human resource practices and policies, and professions- accounting, marketing, sales and finance/strategy. The analysis done by Collins (2000) reveals that much of the research on Human Resource practices has focused on what firms do wrong rather than right, with the hope of improving the situation. However we see that the incidence of corruption in HR practices as an area of focus, is very rare. Out of 37 human resource situations observed in the 1500 articles analyzed in JBE by Collins (2000), the most frequently observed ethical violation was providing preferential consideration to friends and relatives (Daley, Harrick, Schaefer, Strickland and Sullivan 1996). This certainly refers to cronyism, nepotism or favouritism, which are considered examples of corrupt and unethical activities. Two-thirds of the involuntarily displaced white-collar workers did not receive any advance warning of their dismissal, and only 56 percent were provided with an explanation from their supervisor (Eby and Buch, 1998). Though some of these may be a side effect or collateral damage of certain corrupt practices within HR, by and large it may be more due to apathy or negligence rather than downright corruption. It has also been pointed out that invasion of privacy of employees by the HR department (such as email monitoring, social networking sites monitoring etc.) is resented by the employees and 'negative evaluations of the performance appraisal process are partly based on the invasion of privacy issues', as observed by Mossholder, Giles and Wesolowski (1991). Here again, this snooping activity by HR departments on the private activities of personnel may be due to company policy or leadership style rather than due to any unethical or corrupt intentions within

HR departments. Collins (2000) also says that Bartels, Harrick, Martell and Strickland (1998) have proved that firms with strong ethical climates have less ethical violations. The studies underline the fact that HR Practices certainly have a lot to do with the growth and development of good ethical climates in organizations.

A Function-based Macro-analysis: While HRM function as a whole has not been scrutinized much for its corruption vulnerability, Collins (2000), points out that other functions in the organization have come under this scanner in a more significant manner. Fraudulent activities, violation of integrity, uses of codes of ethics, etc. have been scrutinized under the accounting profession. In marketing/sales, various kinds of (irregular? illegal? Grey area?) gratification such as gifts, favours and entertainment benefits received from customers, purchasers, suppliers etc. have been thoroughly studied in various contexts. Ethical issues in a broad spectrum of activities like advertisements of ecologically or otherwise sensitive or harmful products, assessing questionnaires, ethical perceptions of various situations also figure in the analysis of the marketing/sales profession. Corruption as traditionally understood, is studied in its closest within the finance/strategy function.. Among financial analysts the most problematic ethical issues studied are failure to use diligence and thoroughness while making recommendations, writing reports that support predetermined conclusions, and trading on insider information (Veit and Murphy, 1996 as mentioned by Collins, 2000). Fraud, lies, deceptions and employee theft are also observed in studies in the banking sector. So, though all the above failures or lapses could very well be occurring in the HRM function too, where academic scrutiny is concerned, HRM vis-à-vis Corruption vulnerability is certainly a road less traveled.

Budhwar & Debrah (2009) in their article, 'Future research on Human Resource Management systems in Asia', re-emphasize the need to examine human resource management (HRM) in context. This article builds around four themes. First, it analyses the main issues discussed in the existing literature regarding HRM in the Asian context. Second, it highlights the critical

challenges facing HRM function in the region. Third, along with the analysis, it presents an agenda for future research. Fourth, it presents a framework useful for highlighting the context specific nature of Asian HRM functions and the main determinants of HRM policies and practices from across-national comparative perspective. While impact of globalization, issues in BPO/ITeS sectors, emerging issues of diversity and multiculturalism in work places etc., are seen on their agenda, they do not seem to have noticed the growing need for examining the link between the corruption vulnerability in HRM Systems and practices with organizational corruption, particularly in the context of burgeoning global awareness and concern over the phenomenon of corruption. Therefore this is emerging as a research gap in the area.

Fritzen, (2007) found that a range of organizations are increasingly turning to performance measurement systems to fulfill several functions related to organizational integrity: To hold organizations accountable for reaching publicly stated standards of fiduciary responsibility and corruption control; to identify vulnerable operational points in multi-faceted public enterprises; and to facilitate organizational learning regarding "what works". Yet corruption is difficult to measure, and corruption vulnerabilities often arise from informal practices, insufficient incentives for enforcement or adherence to standards, and managerial blind-spots. Enhanced information systems need to be coupled with effective and multi-directional accountability arrangements in order for performance measurement to contribute effectively to corruption control. The paper also shows that improved information systems and a reassessment of managerial incentives and attitudes are both essential in order to reduce organizational vulnerability to corruption and to the public backlash that follows in the wake of corruption scandals. (Fritzen, 2007). One can clearly appreciate that these relooks are needed for HRM systems and practices simultaneously with the other organizational functions.

9. Conclusion

Collins (2000), after analyzing over 1500 articles in the first two decades of JBE, concludes that several issues

need to be debated and researched. He gives the insight that some topics (like ethical sensitivities of students) have received too much attention while others (like impact of management and non-management employees growing up in dysfunctional families). Unexpectedly, many of the articles are uncritical of business practices and often fail to advance new theory. (Collins, 2000). Another area not subjected to rigorous scrutiny is corruption vulnerability of HRM practices and its influence on organizational ethical culture and climate, the organization's profitability and public goodwill.

Due to a preoccupation with managing tangible assets for short-term profits and an unfamiliarity with how to enhance integrity capacity to contribute to professionalism and the core capability differential of reputational capital, many HR managers have failed to manage this key intangible asset responsibly, facilitating the injury of multiple stakeholders, they are now being held accountable (Gross, 2010; Körten, 2010; Sloan and Gavin, 2010). It is time for HRM educators and practitioners (everywhere) to acknowledge a broader conception of ethics in exercising their professional responsibilities and to act accordingly.

Collins (2000) in his meta-analysis reports that as compared to the HR Practices within companies, the professions of accounting, marketing/sales and finance/strategy have been much more frequently (and deeper) analyzed with regard to ethics/integrity/corruption related issues. In their article, 'Future research on human resource management systems in Asia' Budhwar & Debrah, (2009) re-emphasize the need to examine human resource management (HRM) in context. Fritzen, (2007), also shows that improved information systems and a reassessment of managerial incentives and attitudes are both essential in order to reduce organizational vulnerability to corruption and to the public backlash that follows in the wake of corruption scandals.

I feel that prevalence or possibility of corruption in HR Practices and Systems and its impact on the organization is such an area given relatively less focus and importance and there are serious reasons why this aspect needs to be now looked into by researchers in today's fast changing global business environment.

References

- Argandona, A. (Article first published online: 29 AUG 2003). Corruption: the corporate perspective. *Business Ethics: A European Review*, 10(2), Article first published online: 29 AUG 2003.
- Ashforth, B., Gioia, D. A., Robinson, S. L. & Treviño, L. K. (2008). Re-viewing organizational corruption. *Academy of Management Review*, 33(3), 670-684.
- Bartels, L. K., Harrick, E., Martell, K., & Strickland, K. M. (1998). The relationship between ethical climate and ethical problems within human resource management. *Journal of Business Ethics*, 17(7) 799-804.
- Budhwar, P. & Debrah, Y. (2009). Future research on human resource management systems in Asia. *Asia Pacific Journal of Management*, 26(2) 197-218.
- Collins, D. (2000). The quest to improve the human condition: The first 1500 articles published in Journal of Business Ethics. *Journal of Business Ethics*, 26(1), 1-73.
- Daley, J., harrick, E., Schaefer, D., & Sullivan, D. S. (1996). HR's View of ethics in the work place: Are the barbarians at the gate?. *Journal of Business Ethics*, 15(3), 273-285.
- Deloitte. (2008). Taking the Reins: HR's opportunity to play a leadership role in governance, risk management and compliance. Midtown: Manhattan: Deloitte Consulting.
- Eby, L., & Buch, K. (1998). The impact of taking an ethical approach to employee dismissal during corporate restructuring. *Journal of Business Ethics*, 17(12), 1253-1264.
- Fritzen, S. A. (2007). Crafting performance measurement systems to reduce corruption risks in complex organizations: The case of the World Bank. *Measuring Business Excellence*, 11(4), 23-32.
- Greenwood, M. R. (2013). Ethical Analysis of HRM : A Review and Research Agenda. *Journal of Business Ethics*, 114(2), 355-366.
- Greenwood, M. R. (2002). Ethics and HRM: A Review and Conceptual Analysis. *Journal of Business Ethics*, 36(3), 261-268.
- Jacobs, G., Belschak, F. D., & Den Hartog, D. (2014). (Un)Ethical Behavior and Performance Appraisal: The Role of Affect, Support, and Organizational Justice. *Journal of Business Ethics*, 121(1), 63-76.
- Luo, Y. (2002). Corruption and organization in Asian management systems. *Asia Pacific Journal of Management*, 19(2), 405-422.
- Meyer, M., Roodt, G., & Robbins, M. (2011). Human Resources Risk Management: Governing people risks for improved performance. *SA Journal of Human Resource Management*, 9(1), 12 pages.
- Mossholder, K. W., Giles, W. F., & Wesolowski, a. M. (1991). Information Privacy and Performance Appraisal: An examination of employee perceptions and reactions. *Journal of Business Ethics*, 10(2), 151-156.
- Naidoo, R. (2002). *Corporate Governance: An essential guide for South African Companies*. Cape Town: Double Storey.
- Okpara, J., & Wynn, P. (2008). Human Resource Management practices in a transition economy: Challenges and prospects. *Management Research News*, 31(1), 57-76.
- Petrick, J. A. (2012). Enhancing Ethical U.S. HRM Education and Practice: Integrity Capacity and HRM Professionalism. *SAM Advanced Management Journal*, 77(4), 42-59,3.
- Rhodes, C., & Harvey, G. (2012). Agonism and the Possibilities of Ethics for HRM. *Journal of Business Ethics*, 111(1), 49-59.
- Ryan, L. V. (2006). Current Ethical Issues in Polish HRM. *Journal of Business Ethics*, 66(2-3), 273-290.
- Turner, M., Imbaruddin, A., & Sutiono, & W. (2009). Human resource management: The forgotten dimension of decentralisation in Indonesia. *Bulletin of Indonesian Economic Studies*, 45(2), 231-249.
- Veit, E., & Murphy, M. (1996). Ethics Violations : A survey of investment analysts. *Journal of Business Ethics*, 15(12) 1287-1297.
- Wright, P., McMahan, G., & McWilliams, A. (1994). Human resources and sustained competitive advantage: A resource-based perspective. *International Journal of Human Resource Management*, 5(2) 301-326.
- Wright, P., Gardner, T., & Moynihan, L. (2003). The impact of HR practices on the performance of business units. *Human Resource Management Journal*, 13(3), 21-36.
- Wright, P. M., Dunford, B. B., & Snell, S. A. (2001). Human resources and the resource based view of the firm. *Journal of Management*, 27(6), 701-721.

J. Vinayan belongs to the Indian Railway Traffic Service, UPSC Civil Services Batch of 1993. Currently he is on deputation with M/s FACT Ltd, a Fertilizer CPSE, as Chief Vigilance Officer. He is pursuing his FPM (fellow Programme in Management) at IIM Indore and working on ethical and public sector corruption in the OB/HRM area. He has held various posts in the Operations, Commercial and Safety Departments of Railways. He Was part of the Railways team that set up the popular E-Ticketing service through www.irctc.co.in. Prior to Railways, he has worked as an Aerodrome officer (NAA) and in the Indian Engineering Services. He is a Civil Engineer with additional qualifications in Management and Cyber Law. Deeply interested in Literature, Poetry, Travel, and Ethics.