

# Ethics in human resource management



**ASSIGN  
BUSTER**

Ethical Values in Banking First Middle Initial, al Affiliation Ethical Values in Banking Ethical HR Practices When clients deposit their money, obtain a loan, or enter into any form of financial agreement with the bank, such is an act of conferring trust upon the representative and the institution itself. Banking may just be another form of a business for profit, but similar to the rest that upholds a significant degree of moral principles, it can be perceived as a conduit for tenable wealth management and monetary support. As a matter of fact, financial advisors are “ obliged by their fiduciary role to act in the best interests of the customer and not in their own best interests... Any other form of imprudent or non-diligent conduct by a financial advisor or any failure to protect client’s interests contravenes these duties and constitutes a breach of the fiduciary relationship (Koslowski, 2009, p. 39) Similarly, bankers will have to devise approaches that will not only cater to the needs of their clients but also comply with the needs of the “ society as a whole” (Clerk, 2011 p. 5). Customers are the most important asset of a business, and they must be dealt with the most efficient way possible. Nevertheless, social responsibility should not be taken for granted; thus, “ practitioners of ethical banking make the choice to only finance projects and organizations that contribute to a more sustainable society and they define absolute criteria about who they will lend money to” (Clerck, 2011 p. 5). There are several approaches that a bank may sustain in order to strengthen the aforementioned values in its employees. It may employ a “ Customer Satisfaction Appraisal” program that will give opportunities for clients to voice out their opinion on the services provided, as well as their evaluation of the specific bank officer that handles each of their account. This will determine whether the bank employees are transparent in discussing with

<https://assignbuster.com/ethics-in-human-resource-management-essay-samples/>

the client the pros and cons of each option presented and recommend solutions that best complement the customer's financial situation. In addition, the bank may devise an incentive program to reward excellent performances accompanied with ethical behaviors, and disciplinary measures to counter slacking and misconducts—regardless of severity. This is typical in most organizations, and has been proven to effectively increase output. It will also help reinforce positive behavior upon employees when a bank contributes to CSR (corporate social responsibility) for example, by engaging in outreach programs for the out-of-school youth, tree planting activities, or energy conservation schemes. An act of goodwill on the part of the company will not only earn respect from its employees, but also instigate work morale.

Case Analysis In 2008, a financial crisis occurred on account of imprudent endorsement of mortgages. These, in the first place, should have been considered as high-risk investments, and applications from potential customers assessed with substantial attention. However, due to incentives offered to loan officers, tendency was to bring in more business without appropriate regard to the company's long term interest. In this scenario, strategic orientation is one skill that the human resources department must apply. This includes taking a leadership role and strategic path to quantify the essential needs of the company and the employees, developing compensation schemes, and instituting new practices that lead to business growth (Schleifer, 2011). “ The reward system is vital to alignment in an ethical culture” (Trevino & Nelson, 2004, p. 238). Unfortunately, this triggered the unethical work performance manifested by some bank officers described in the case. To prevent such instances, banks may follow the lead of Lockheed Martin Corporation. This company introduced a Performance

<https://assignbuster.com/ethics-in-human-resource-management-essay-samples/>

Management Process that rates employees not just on quantifiable results of the job such as increased sales or profits. Employees are also rated on how they excelled in their tasks through attributes that include ethics, excellence, integrity, people, and teamwork (Trevino & Nelson, 2004, p. 238) References Clerck, F. d. (n. d.). Ethical Banking. Retrieved May 22, 2011, from [http://www. social-banking. org/fileadmin/isb/Artikel\\_und\\_Studien/de\\_Clerck\\_Ethical\\_Banking. pdf](http://www.social-banking.org/fileadmin/isb/Artikel_und_Studien/de_Clerck_Ethical_Banking.pdf). Koslowski, P. (2009). The ethics of banking: Conclusions from the financial crisis. New York: Springer. Schleifer, J. (2011). “ HR Daily Advisor”. The 9 Essential Skills of Human Resources Management - How Many Do You Have? Tuesday, July 18, 2006 9: 40 AM, from [http://hrdailyadvisor. blr. com/archive/2006/07/18/hr\\_essential\\_skills\\_human\\_resource\\_management\\_h r\\_management. aspx](http://hrdailyadvisor.blr.com/archive/2006/07/18/hr_essential_skills_human_resource_management_hr_management.aspx). Trevino, K. L. & Nelson, K. A. (2004). Managing business ethics: Straight talk about how to do it right. Massachusettes: John Wiley & Sons, Inc.