The Ethics of Employment Relations and Human Resource Management: Kohlberg's Seven Levels of Morality

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Abstract

In the past, the academic fields of employee relations (ER) and Human Resource Management (HRM) have not shown a marked interest in the issue of moral philosophy. An understanding of how ER/HRM relate to ethics can be shown in two ways. It can be viewed from an HRM/ER or an ethical philosophy perspective. This article presents the latter. It extends from previous applications of Kohlberg's *Moral Development* (Kohlberg 1971, 1981 & 1984) to management to the work of Velasques (2012) as the most recent. This article delivers normative support for these applications underpinned through an empirical study. Secondly, the article extends these applications to HRM and to ER. Laurence Kohlberg (1927-1987) was interested in how humans develop moral understanding. He introduced the *Scale of Universal Moral Development* which is used to compare the morality of ER and HRM. An empirical case provides supporting evidence for the location of ER (4-6) and HRM (2-4).

Key Words: Ethics, Morality, Kohlberg, Kant, Universalism, Utilitarianism, Management, Labour Relations, Employment Relations, Human Resource Management.

Introduction: Ethics and the World of Work

Ethics is part of philosophy. Ever since the birth of business administration, management, employment relations (ER) and Human Resource Management (HRM), ER and HRM have retained an ethical content (Kaufman 2004; Johnson 2007; Klikauer 2008; Trevino & Nelson 2011). For the purpose of this article, HRM is seen as *the management of people at work* (cf. Beardwell & Claydon 2011; Belcourt et al. 2011; Grobler et al. 2011; Jackson et al. 2012; Macky 2008; Patrick et al 2011; Schwind et al. 2010). HRM's intellectual tradition lies in business administration and management as well as the academic discipline of management studies. By contrast, ER refers to a non-hierarchical societal relationship between three actors: employers, management, and employer federations; trade unions; and the state (Dunlop 1958). These three actors operate at four levels (Kochan, Katz, & McKersie 1986; Klikauer 2011): workplace (e.g. offices, workshops, etc.), industry (e.g. car industry, airlines, mining), national (country-wide), and international (e.g. European Union, International Labour Organisation). ER's tradition is found in labour history, labour economics, industrial sociology, and political science.

In the field of business- and management-studies as well as HRM, ethics has been expressed in numerous academic books, textbooks, and articles. The most common form of dealing with ethics in HRM and ER, however, remains the occasional chapter on *human resource ethics*

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and *employee ethics* in standard textbooks (cf. Kramar, Bartram & De Cieri 2011; Storey 2007; Johnson 2007; Anthony et al. 2006; Redman & Wilkinson 2006; Arnold 2005; De Cieri and Kramer 2005; Torrington et al. 2005; Hatcher 2002; Petrick & Quinn 1997).

Rarely, however, are there substantial articles, monographs, or non-textbooks on ER and HRM ethics. On those occasions when ethics is discussed, it appears as if ER/HRM writers apply fragments of moral philosophy to their field. It is less common that philosophers or experts in ethical theory write on ER/HRM. Hence, a shortcoming of texts from a philosophical-ethical standpoint has been detected (Pinnington et al. 2007:1). This article sets forth a contribution towards the role of ethics in ER/HRM.

The origins of ethics and moral philosophy date back to a time when humans began to organise societal forms that reached beyond the animal kingdom demanding some *code of conduct* to guide human action (Krebs 2011; Nowak & Highfield 2011; Singer 1994). Today, management ethics is well established and discussed primarily under three headings: utilitarianism, Kantian ethics, and virtue ethics (Velasques 2012; Shaw & Barry 2010; Samson & Daft 2009; Klikauer 2012 & 2010:126-169; Driver 2007; Martin 2007; Shafer-Landau 2007; Harrison 2005; Wiggins 2006; Kaptein 1998; Young 2003; Singer 1994; Wood 1990; Weber 1990:689; Gilligan 1982; Kohlberg 1971, 1981, 1984).

These three areas of ethics centre on some of the core moral questions: *How do I live an ethical life? What is a good life? What should we do in order to be good?*. *Unitarianism,* for example, seeks to reflect positively on the well-being of all persons. It dates back to Francis Hutcheson (1694-1746), Jeremy Bentham (1748-1832), John Stewart Mill (1808-73), and Moore's *Principia Ethica* (1873-1958). They saw the maximisation of the good as the end of morality creating the greatest good for the greatest number of people. What is good as defined by Kant (1724-1084) belongs to a *categorical imperative (CI)*. One of his CIs, for example, states that people should never treat others only as a means but always as an end *in-itself*. For Kant's *Kingdom of Ends (*Korsgaard 1996), this is expressed in two formulas (Driver 2007:87-90):

a) *act only according to that maxim whereby you can at the same time will that it should become a universal law* and
b) *act in such a way that you treat humanity, whether in your own person or in the person of another, always at the same time as an end, never simply as a means*.

In contrast to Kant, virtue ethics as understood by Greek philosopher Aristotle who believed all people carry intellectual and moral virtues as *theoretical* wisdom and *practical* wisdom (cf. *Neo-Aristotelian Ethics* by Hume, 1711-76). Greek philosophy, however, also shaped the idea of *ethical relativism* (plato.stanford.edu/entries/moral-relativism). In short, it denotes that there is no universal moral standard by which to judge others. However, most of today's moral philosophy tends to agree with *Universalism* rather than relativism. Universalism has influenced many ethical theories such as Hegel's *Sittlichkeit,* Peter Singer's *Famine, Affluence, and Morality* (2007), and Pogge & Horton's *Global Ethics* (2008).

Universalism suggests that universal ethics unites all humans. Virtually all prehistoric tribes, clans, groups, and bands of humans, all societies, religious texts, law books, etc. agree with the dictum *'you shall not kill'*. One of the clearest and most powerful outcomes of universalism has been the *Universal Declaration of Human Rights*. It provides a moral code that belongs to all humans without exception. The post-World War II declaration of these

rights had their origins in Kantian ethics. Kohlberg too sought to ascertain how humans develop universal morality from a philosophical and psychological point of view. He tried to understand morality after the experience of the monstrosities and inhumanities of Nazi-Germany (Bauman 1989).

The Ethics of Kohlberg: ER and HRM

The American psychologist and ethicist Laurence Kohlberg (1927-1987) made a unique contribution to the understanding of morality by developing a seven-stage model (Velasques 2012; Klikauer 2012 & 2010:126-169; Schwind et al. 2010:18f.; Mumby 1988, 1997, 2000, 2001; Deetz 1992 & 2001; Habermas 1990; Blum 1988; Reed 1987; Goodpaster 1982; Kohlberg 1971, 1981, 1984). These stages provide a universal foundation as well as a moral structure that is helpful when seeking to understand the moral development of humans. Today, Kohlberg is ranked as the 30th most influential psychologist of the 20th century. His scale has been widely adopted in standard literature on management ethics (cf. Weber 1990; Linstead, Fulop & Lilley 2004:260-264 & 2009:385-393; Martin 2007:80-81; Trevino & Brown 2008:70); Samson & Daft 2009:179; Klikauer 2010:126-169; Kramar et al. 2011:555; Velasques 2012: 38-45).

However, virtually all previous applications of Kohlberg's model to management contain two problems: firstly, practically all of these manifold *'Kohlberg-to-management'* applications are made without empirical foundation and secondly, they apply Kohlberg to management in general rather than to management's sub-division of HRM. An application to ER is similarly outstanding. As a consequence, this article extends previous findings in the following way. It expands previous applications of *'Kohlberg-to-management'* to HRM and to ER. It does this by building on non-empirical applications of Kohlberg's model found in many textbooks on management ethics. Kohlberg's stages, as outlined by Kohlberg and replicated in many textbooks on management ethics are as follows:

<u>Table 1: Kohlberg's Stages of Moral Development</u>

Stage	Orientation	Moral Motives
0	• Impulsive and amoral	• None
1	• Obedient and Avoidance of punishment	• Irrational dread of punishment • Fear of those in authority
2	• Personal benefits & rewards • Getting a good deal for oneself	• How to get most pleasure and gain for oneself • Calculating the personal risk and payoffs of an action
3	• Conforming to social expectations • Gaining approval	• Avoiding disapproval by associates and close ones • Wanting to be praised, liked & admired, rather than shamed
4	• Protecting law and order • Maintaining the existing system of official social arrangements	• Performing formal duties and responsibilities • Meeting official standards • Working for the best interest of an

		institution
5	• Promoting justice and welfare within a wider community as defined in open and reasonable debate	• Following principles that serve the best interest of the great majority • Striving to be reasonable, just and purposeful in one's action.
6	• Defending everyone's right to justice and welfare, universally applied	• Applying well-thought principles • Being ready to share & debate these openly & non-defensively
7	• Respecting the cosmos as an integral whole • An openness extending well beyond humanity	• Respecting the intrinsic value of the cosmos with its wider harmonies and paradoxes

Sources: Linstead, Fulop & Lilley 2004: 260-264 & 2009:385-393 & Velasques 2012: 38-45

Table 1 shows an overview of Kohlberg's seven levels of morality. In fact, it lists eight because Kohlberg regarded the first stage as somewhat irrelevant to morality arguing that newborns cannot develop moral understanding. He defined this early stage as zero because moral development is not possible at this stage. Beyond that all human beings, their ideas, beliefs, conceptual understanding of the world, as much as all institutions, religions, political parties, social settings, social organisations (employer federations and trade unions, ER, HRM, etc.), for-profit-organisations such as business, corporations, companies, trusts, cartels, holdings, joint-ventures, hedge-funds, etc., and democratic institutions (the state with legislature, administration, and justice system) fall into one or the other stage (cf. Weber 1990:696f.).

Stage Zero: Impulsive

The key concept of stage zero is *whatever I want at any time is seen as right, regardless of the consequences and without any form of social concern*. The so-called impulsive *baby-stage* cannot be applied to ER and HRM because both deal with fully developed human beings matured beyond the stage of non-existing moral values. However, there might still be an historical case in the realm of management. In the early years of Frederick Winslow Taylor's (Un-)*Scientific Management* (Klikauer 2007:149-154)*,* management expected that a workforce exhibited child-like, impulsive, reflexive, and stimulus-response like behaviour. Management's founding father, Taylor (1911:59) noted *he* [worker] *should be so stupid and so phlegmatic that he resembles the mental make-up of the ox...to train an intelligent gorilla...*[and]...*he is so stupid that the word* 'percentage' *has no meaning to him.* This is not to say that Kohlberg's infants resemble an ox or gorilla but it shows the ethics of the inventor of *'scientific'* management.

Stage One: Obedience and Punishment

Obedience and punishment play powerful roles in human lives (Kafka 1919; Adorno 1944:74; Skinner 1948, 1953, 1971, 1974; Milgram 1971). Linguists such as *Chomsky* (1959 & 1971) have severely critiqued the notion of punishment. Despite this, punishment –along with positive and negative enhancement– remains one of the core elements of Skinner's theory on

conditioning and is still part of HRM's *Workplace Psychology* (Arnold & Randal 2010; Schultz & Schultz 2010; Arnold 2005; cf. Marin & Pear 2007; Lemov 2006; Baum 2005; Mackintosh 1983; Katz & Kahn 1966). In his critique on Skinnerian conditioning, Chomsky writes (1971:33) *except when physically restraining, a person is the least free or dignified when he is under threat of punishment*. Inside ER, trade unions, for example, have next to no punishing powers (Offe & Wiesenthal 1980), states retain the monopoly of violence and other forms of punishment (Bauman 1989; Arendt 1951, 1958 & 1994; Reich 1946). At work, HRM holds punishment powers in the form of disciplinary action. While HRM hardly ever *restrains* workers *physically* at today's workplaces, punishment, for example, through demotion, wage cuts, reduction in working conditions, fines, dismissal, etc. has not ceased. In Skinner's model of *obedience as punishment avoidance*, HRM would be seen as dictatorial if it would base its authority solely on punishment. Unlike state and trade unions, HRM rules are set in non-democratic, dictatorial ways, and must be obeyed. Disobedience will lead to punishment such as fines, loss of employment, etc. and is to be avoided.

What Monk (1997:57) has called *Management by Fear* is a model that hands out managerial orders. Philosopher Theodor Adorno (1944:22) has summed this up as *the ones who help because they know better turn into the ones who humiliate others through bossy privilege.* Social relations that are constructed in this way define relations as highly authoritarian, governed by domination and top-down hierarchies. At this stage, authority –power associated with a position in an organisation– is enshrined in what constitutes the hierarchical relationship. Without hierarchy authoritarian relationships at work are hardly possible. Each actor in this structure has a clearly defined position. Even those at the bottom are still made to believe that they have subordinates - even though these might be externalised (wives, husbands, children, pets, etc.). The core pattern of such hierarchy defines authoritarian, asymmetrical, aggressive, violent, unequal, and domineering relationships (Katz & Kahn 1966:352; Leslie 2000; Foucault 1995; Marcuse 1966).

Stage Two: Benefits and Rewards

At stage two, ER actors and HR managers act essentially in their own interest (Delaney 2005:2004). These actors make deals with others as a necessity in certain situations. However, such deals are purely governed by self-interest (Chomsky 1994:9; Macklin 2007:279). If ER actors and HR managers deem a working relationship with others and their representatives as absolutely necessary, then this is conducted through *give and take* bargaining. Relationships only take place when they serve self-interests and if at all necessary. They are reduced to *zero-sum win-lose* strategies inside cost-benefit calculations. Any information provided to others is viewed as a loss to one of the three actors of management/employers, state, and trade unions. Relationships are reduced to a simple *means* (Kant) of an instrumental tool without having any intrinsic *ends* (Kant). Consequently one ignores other members and refuses to engage with them and their representatives when such an engagement is deemed unnecessary. Those without power are mistreated and exploited because their weakness exposes them to the supremacy of the strong (Nietzsche 1886).

This is the stage of Machiavellianism where the key to success is the desire to manipulate others for one's own benefit in a *'me, myself, and I'* view of social settings. In a setting of *'all against all'* (Hobbs 1651), the use of strategy as a deception of the enemy is the order of the day. Forms of deviousness and trickery are applied whenever required to get ahead. Not surprisingly, Machiavellian personalities can be found working successfully in professional

occupations, particularly in those that deal with people. They even excel in bargaining and more so when bargaining for a better deal for themselves (Jackall 1988; Schwartz 1990; Magretta 2002; Schrijvers 2004).

Stage Three: Conforming to Expectations

At this stage an ER actor tries to position others in a way that forces them to be supportive to them. This is done in order to prevent others from taking on any critical, unsupportive, or challenging positions. Avoiding such criticism ensures that one's self-interests are not exposed and hurt. One expects from others to show loyalty. They are supposed to live up to one's expectations. Relationships at this stage are based on obedience that seeks approval and endorsement (Klikauer 2007; Legge 2005:39, 1995; Korczynski 2000). These are highly distorted relationships that often exist under a domineering monopoly. This is the stage where one no longer directly attacks other social actors. According to Adorno and Horkheimer (1944:12) one no longer attacks the other's life, body, and property. All of this remains intact. In fact, neither the state nor management operates with phrases like *you must think as I say or die*. Instead, their motto is: *you are free not to think as I do*. Non-compliance however is punished through exclusion: *from this day on, you are a stranger amongst us* (Adorno and Horkheimer 1944:12).

Compliance on the other hand is supported inside a frame of reference constructed around the language of *trust* and the one-dimensionality of a shared interest (Korczynski 2000). To support compliance, the metaphor of *'we are all in one boat'* has been used ideologically (Stewart 2007:73; Klikauer 2007:198). This conveys a message of esprit de corps, groupism, cohesion, and inclusion.

At this stage, all three actors also start using an *inclusive* language to support compliance. They communicate social *exclusion* when others are non-compliant. All ER/HRM actors are forced to value other actors for their own sake. The three actors become, in effect, a self-image of an ER/HRM system adopting a mutually shared interest. By identifying themselves with the current ideology that defines interest as the interest of state and employers for example, trade unions become part of the prevailing managerial- and state-ideology. However, this identification tends to serve predominantly management, employers, and the state in achieving what they had set out to achieve: submissive and conforming employees and their representatives.

Research has shown that individuals who have been socialised before entering managerial regimes *carry institutional roles as conforming workers to transient settings that simulate the authority setting for more permanent organizations* (Katz & Kahn 1966:304). In other words, if individuals move from primary socialisation (schooling) during the pre-work period to work, they *carry* authority conforming elements. And they will continue to do so even when they move between the work and consumptive domain (Lemov 2006; Jex 2002:62 & 87; Alvesson 2002). Once employees have become part of a work regime, they have already undergone years of conditioning to system compliance. At work, system conformity is further fostered through authoritarian ideologies in the off-work domain. After years of primary socialisation, even union members recognise *symbols of authority* that demand conformity inside managerial settings. In short, the school principal's office becomes the work supervisor's office (Bowles & Gintis 1976; cf. 1981 & 2001; DeVitis 1974; Bauman 1989:151ff.; Klikauer 2007:163).

Stage Four: Rules, Laws, and Order

At stage four, trade unions, for example, are seen as fulfilling their role by performing duties as set out by employers and the state (DeCeri & Kramer's 2005:629, Scott 2005:173ff., Laffer 2005:274-276). At work and supported through legal regulation by the state, management invents and enforces rules and duties, upholds policies, formal regulations, conventions, laws, and procedures (Knowles 1955). These are often means-ends generalisations that tell employees what to do and how to behave in a general sense using a technical, managerial and bureaucratic language that enforces rule compliance. Inevitably however, rules must be linked to those who are supposed to follow them in order to render them *follow-able* so that employees and trade unions can be made to comply with such rules and to follow them rather than break them. The task is therefore to close Hirschman's (1970) *exit-option*, lower the *voice-option*, and increase the *loyalty-option*. Secondly, state rules are often *prescriptive* so that they direct trade unions towards what the state wants them to do and away from what trade unions want to do. Thirdly, rule-governed behaviour must be *adjustable* so that those who do not conform can be exposed to rule-adjustment initiatives such as behaviour modification, manipulation, and disciplinary action. In general, trade union's rule-deviance is evaluated negatively while conformity and compliance are evaluated positively (Baritz 1960).

Finally, many rules are impersonal and as such decrease the visibility of state and managerial power relations. Such rule-based patterns of behaviour that guide the relationship between HRM and employees can be portrayed as free of power and conflict, simply because they are based on rules. These rules even take on a neutral or natural appearance (Klikauer 2008:96). One only needs to adapt to the natural force of managerial rule. The state and trade union's role is seen as being a compliant contributor to the good of the business and to make special efforts to act consistent with managerially defined *official* roles, duties, and standards. Employees are seen as subscribing to properly formulated rules and procedures which often appear more natural and serious to those *'to be ruled over'* than to the rule-maker. Employees are captured in an ideological web of rule-obedience. The height of rule-based systems that can be achieved at stage four has been summed up by Adorno and Horkheimer (1944:12) as *immovably, they insist on the very ideology that enslaves them.*

Stage Five: Justice and Welfare

At this stage ER/HRM shows some sort of interest in the betterment of social affairs, human, civil, political, and economic justice, and human welfare (Budd & Scoville 2005:5; Bowie 2005:61ff.; Pogge & Horton 2008). Usually this is more evident for those *outside* companies than for those *inside.* It demands a truthful ER system set up at a national level (Kochan, Katz, & McKersie 1986). Ethics is largely externalised and understood to be important by ER/HRM so that those outside the ER/HRM system (society in general, NGOs, community, and others) see ER/HRM as being ethical and adhering to commonly agreed social standards of Hegelian *Sittlichkeit* (Marcuse 1941; Adorno 1993; Klikauer 2010:88-104). Morality is no longer reduced to being a surplus or a kindly afforded substitute to a process that adds value to organisations. It is seen as an inherent part of all ER/HRM activities and all ER/HRM actors. This may not be the case inside company based HRM where ethics is often seen as a mere add-on to profit-making (Durand & Calori 2006; McWilliams's 2006:1; Clegg, et al. 2006; Carr 1968). Watson (2003:48) has summed this up in the following way:

'..when those who speak the managerial language *wish to demonstrate their concern for the less fortunate or the less profitable, or the community at large, they speak of addressing the triple bottom line through corporate social responsibility known as CSR...Principally...their language has been stripped of meaning. They don't have words like generous, charitable, kind, and share...welfare, wealth transfer, social service, social benefit, social policy, and social contract'*, (cf. Klikauer 2008; Banerjee 2007).

At stage five, two different concepts of relationship between HRM and ER are starting to collide. This becomes prevalent when two diverging logics face each other (Offe & Wiesenthal 1980). On the one hand, non-democratic but highly instrumental forms of action enshrined in corporate hierarchies are upheld on the side of HRM. On the other side, ER supports non-strategic and non-instrumental forms of *participatory and deliberative democracy*. Neither trade unions nor states are confined to managerial efficiency, cost-benefit, profit-maximisation, shareholder-values, and means-ends ideologies. Instead, such a non-managerial but democratic version of industrial relationships allows actors to find common agreement directed towards the upholding of ethics and human rights and to engage with others where forms of participation and democracy flourish. In line with democratic principles, over and above business, organisational, and institutional needs, concern for a greater good is developed by all actors carrying connotations to the ethics of utilitarianism's principle of *The Greatest Happiness for the Greatest Number of People* (Sidgwick 1874; Singer 1993, 1994, 2000). A wider public interest is served when universal principles of basic justice and human rights are followed. This reaches far beyond present forms of system stabilising rules and laws. Relationships between actors start to shift away from instrumentalism that serves the purpose of management and HRM towards social actions directed towards truth, mutual understanding, and democracy.

Stage Six: Universally Applied Justice and Welfare

Stage six starts with an application of well thought out ethical principles. ER/HRM actors are ready to share and debate issues openly and non-defensively with each other. Relationships become less distorted and move away from self-serving managerial goals (Klikauer 2007:55 & 2008:108). These are no longer confined to instrumentalism but instead established in a trustful way on principles concerning respect for the other side (cf. Kantian end in-itself). Respectful, non-distorted, non-deceptive, good-faith, and open discussions are not seen as mere instruments to deceive the other side, but they enable all ER/HRM actors to adopt a reflexive and self-critical approach in ethical decision-making. As such all discourse participants are constantly reviewing their communication so that consistency in the decision making process is being established (Klikauer 2008:231ff.).

Distorted instrumentalism is rejected once ER/HRM actors have started to move towards combined communicative- and social-action under symmetric conditions (Habermas 1990). As a result, asymmetrically distributed power relations incapable of achieving *ideal speech* tends to end (Habermas 1997). Having achieved this, all previous forms of communication based on power and domination can be overcome. While under earlier forms of asymmetrical relationships an actor was able *to make other modes of thoughts impossible*, stage six is directed towards enabling such thoughts rather than disabling them. Once an open, symmetric, and domination-free forum for communication has been established and ER/HRM actors show clear signs of having adopted this approach, open discussions can flourish. Such

discussions can extend beyond what is generally regarded as strict ER issues moving into areas such as universal humanity, the environment, sustainability, and global warming.

Stage Seven: Universal Humanity – a Holistic Perspective

At stage seven, ethical rights extend beyond issues that are immediately useful to ER/HRM and are directed towards humanity as a value in-itself. Rights are applied to a wider context rather than being restricted to humans alone. Ethical awareness also reaches beyond fellow humans. It embraces other forms of life such as animal species and ecological systems regardless of their social utility (Singer 1993, 1994, 2000). The relationship between ER/HRM actors includes relationships directed towards the inclusion of issues related to nature, global warming, environment, plant life, and animals. For that, ER/HRM actors need to develop an awareness of the integrity of the environment and other systems moving towards an understanding of global ethics (Pogge & Horton 2008; Keller 2010). Having read Kantian ethics, Kohlberg himself linked stage six to Kant. At this stage, ER/HRM and the holistic universe assume value *in-themselves* (cf. Kant 1788). These links have to gain in importance if truly global ethics is to be achieved irrespective of their immediate importance for *homo sapiens*. Stage seven is only fulfilled when ER/HRM actors display a capability to engage in ethical issues well beyond the realm of human beings.

Research, Findings, and Discussion

Empirical research has been used to support the normative arguments made initially by Kohlberg and later by others in the field of management studies and HRM (Weber 1990; Linstead, Fulop & Lilley 2004:260-264 & 2009:385-393; Martin 2007:80-81; Trevino & Brown 2008:70; Samson & Daft 2009:179; Klikauer 2010:126-169; Kramar et al. 2011:555; Velasques 2012: 38-45). Their work largely supports the arguments above and positions ER/HRM in Kohlberg's seven levels of morality. The supporting survey was conducted during November 2008 when undergraduate university students were asked the following question:

> In *International and Comparative ER* we find – apart from the state as third actor – two dominant actors. These are a) workers and trade unions and b) management represented by human resource managers. One structure is known as industrial relations while the other has become known as Human Resource Management. *Assess* the extent to which, generally and globally, the two approaches (human resource management and Industrial Relations) operate ethically by reflecting on Kohlberg's scale.

Respondents were domestic students at an Australian inner-city university enrolled in a subject called *International and Comparative Employment Relations* who had completed the prerequisite of *Managing People at Work* (consisting of 50% HRM and 50% ER) as a general introduction to HRM/ER as part of their *Bachelor of Business and Commerce* (BBC) undergraduate degree. Approximately, 3/5 were employed in none-IR/HRM related positions while 2/5 held IR/HRM positions of mostly between 5 and 15 years in public and private organisations such as AAPT, Ainsworth Game Technology, AMWU, ANZ, APRA, ATO, Barclays Bank, Boral, Citi-Bank, Coles, Commonwealth Bank, Credit Suisse, Customs, Dell Computer, EDS, IKEA, Goldman-Fiedler, Hal Group, Macquarie Group, Mission Australia,

NetX, NSW Police, NTEU, P&O, Qantas, RailCorp, Sungard Software, Westmead Hospital, Woolworths, etc. Students attended a lecture on *Universal Ethics and Human Rights* where Kohlberg's scale was discussed in great detail. This was enhanced through a tutorial exercise. Students also familiarised themselves with the scale through a *Book of Readings* (2008) containing the complete overview of *Kohlberg's Stages of Moral Development* (Linstead, Fulop & Lilley's 2004: 260-264).

During an evaluation of teaching methods, the analysis was then extrapolated from students' examination papers (cf. Weber 1990:692f.). No direct survey was conducted and no laboratory testing situations were used. Instead respondents were asked to make an assessment based on their knowledge of HRM/ER and Kohlberg's scale. Student responses were not multiple-choice answers. Instead, students were asked to justify their choice in an essay-answer. This was a two step process:

(i) Before answering the question in full detail, students were asked to assign a number (1-7) to two boxes [☐]. There was one box [☐] for HRM and one box for ER [☐]. The number assigned to each box was reflective of Kohlberg's stages (1-7). The linkage of a number to each of the two boxes was based on the previous teachings and their understanding of three issues: a) Kohlberg's model, b) HRM, and c) ER;

(ii) in a subsequent step, students were asked to write two short essays justifying their choices. One essay was designed to justify their choice on HRM and the second essay was to justify their choice on ER. The answers given to both (HRM and ER) were given in essay format so that students had the opportunity to use an academic format of presenting a discussion on HRM and ER in relation to Kohlberg's scale in order to argue their case.

Hence, the results outlined below have been drawn from a somewhat *'indirect'* survey. This is based on (i) the number they assigned to each of the two boxes [HRM = ☐ and ER = ☐]; and (ii) it was assisted through a textual analysis of student responses to substantiate, and when needed, to clarify their initial answers [☐] in their two essays. For that, the method applied was that of *second-order form of interpretation*. This was conducted more than one year after the examination had taken place. In a few cases when, for example, students responded with stage *'2 to 4'* or *'4 to 6'*, three numbers (2,3,4 and 4,5,6) were allocated. In sum, 2nd and 3rd year undergraduate BBC students (HRM/IR) were asked to assess where they thought ER and HRM are located on Kohlberg's scale of moral development and to justify their answers. The results of the textual analysis for ER and HRM are shown in figures 1-4. The first figure shows the result for ER:

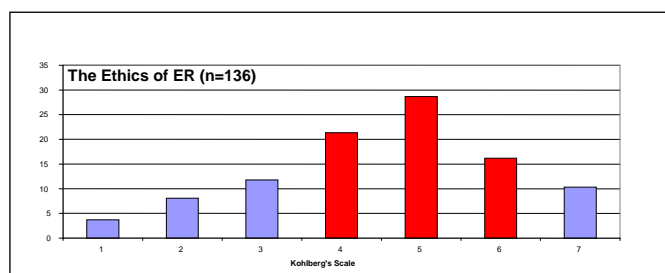**Figure 1: Results from the Student Survey for ER**

Figure 1 shows that the vast majority of responses (n=136) assigned ER as belonging to stages 4 to 6. Only very few respondents thought that ER was located on Kohlberg's stage 1 (3.7%) or stage 2 (8.1%). However, 10.3% of respondents assigned stage 7 (the highest) to ER. Most students allocated ER at stages 4, 5, and 6. The top-three responses make up 67% of all respondents: stage 4: protecting law and order and maintaining the existing system of official social arrangements; 5: promoting justice and welfare within a wider community, as defined in open and reasonable debate; and 6: defending everyone's right to justice and welfare, universally applied.

Apart from protecting *law and order* (21.3%) most respondents thought that ER's role is to promote *justice and welfare* in business organisations and in the wider community (28.7%) and that ER is based on an open and reasonable dialogue with others. At this stage ER is seen to apply well thought out ethical principles to position ER inside an ethical understanding of commonly accepted norms of a wider community reflecting Hegelian *Sittlichkeit*. ER's morality cannot be based on managerial cost-benefit calculations but as an engagement with the wider community working towards the benefit of the whole. Consequently, ER's ethical behaviour reflects *defending everyone's right to justice and welfare, universally applied*. This is enshrined in the United Nations *Universal Declaration of Human Rights*. In other words, respondents viewed ER as a having a utilitarian (stage 5) and a universal notion (stage 6). Finally, 10.3% of all respondents saw ER as going beyond humanity respecting the cosmos and an integral whole in openness. This contrasts sharply with the findings for HRM as figure 2 outlines:

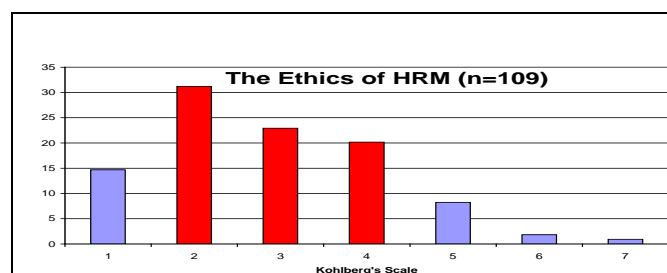**Figure 2: Results from the Student Survey for HRM**

Figure 2 shows that the vast majority of respondents thought that HRM depicts the moral levels of 2 to 4. Of all responses (n=109), 14.7% thought that HRM reflects stage 1, while 8.3% thought HRM corresponded to stage 5. Only 1.9% thought it corresponded to stage 6, and mere 0.9% assigned the highest stage of 7 to HRM. Most student's allocated HRM to stages 2 (31.2%), 3 (22.9%), and 4 (20.2%). A total of 74.3% of all respondents named these top-three stages as the ethical location of HRM. In sum, most respondents saw HRM as belonging to the lower three stages (2-4) rather than to higher stages of morality (5-7).

Still about one in seven respondents (14.7%) saw HRM as establishing a prison or concentration camp like regime in which punishment avoidance exists turning humans into *objects of power* (Bauman 1989) exposed to *The Management of Fear* (Monk 1997). Still, the highest number of respondents recorded saw HRM as a system in which *personal benefits* and *rewards triumph* over the *common good*. *Getting a good deal for oneself* is, as it appears, one of the prime motives of HRM at this stage. Slightly more respondents (22.9%) thought that HRM is about conforming to organisational expectations. In other words, more respondents thought that HRM's ethics carries connotations of a Machiavelli-Nietzsche power notion rather than neatly composed Weberian textbooks of technical-bureaucratic systems (Schwartz

1990:8; Jones et al. 2005:43ff.). Gaining the approval of one's superior is the driver behind behaviours that seek to avoid disapproval of those in higher positions in company hierarchy. Morality and ethics at this level are based on receiving praise (e.g. HRM's performance appraisals) and being admired. It enhances the unconscious conversion into *organisation men* (Whyte 1961).

Many respondents (20.2%), being part of *rule-following* and *rule-upholding* that is enshrined in HR policies, also saw HRM's role primarily in protecting *law and order*. It appears as if many respondents also thought that the task of HRM is to protect the corporate order. Only 8.3% of respondents thought that HRM's task is to *promote justice and welfare* (stage 5) inside organisations and possibly in the wider community and that HR managers should engage in an open and reasonable dialogue. Hence, HRM does not appear to be associated with justice, welfare, openness, and Ideal Speech (Habermas 1997). Even fewer thought that the ethical principle of *utilitarianism* (Singer 1993, 1994, 2000) – *serving the best interest of the great majority* – is the moral obligation of HRM. Hence, the two highest levels of ethical behaviour on Kohlberg's scale (6 & 7) were only favoured by roughly 3% of all respondents. In other words, they didn't view HRM as being reflective of universalism (stage 6) and did not see it as going beyond humanity respecting the cosmos and an integral whole in an openness that extends well beyond humanity. In sharp distinction to HRM's overall assessment as being located at levels 2-4, ER by contrast has been seen as being more reflective of stages 4-6. A comparison of ER and HRM is shown in figure 3:

Figure 3: Results for ER and HRM
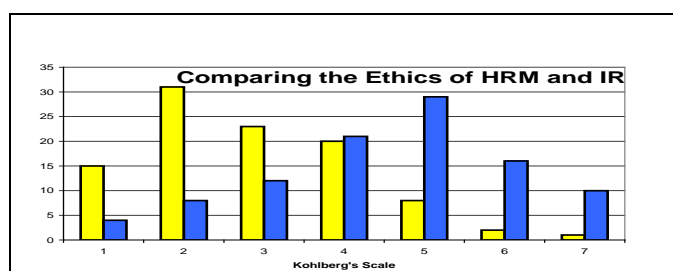
The comparison depicted in figure 3 shows the allocation of HRM located at the lower end of Kohlberg's scale of morality (shown in light colour) and that of ER (shown in dark). It appears as if the only overlapping area for ER and HRM was level four on Kohlberg's scale. In other words, the most likely common ground of HRM and ER lies in the area of *protecting law and order*. Thereafter, the morality of HRM trends downwards (1-3), while ER's morality appears to move upward (5-7). The top rating levels allocated to ER and HRM are the level of *getting personal benefits & rewards* and *a good deal for oneself* for HRM (stage 2 = 31.2%) and *promoting justice and welfare within a wider community, as defined in open and reasonable debate* for ER (stage 5 = 28.7%). In sum, most respondents thought that HRM's prime interest lies in getting a good deal for oneself, perhaps reflecting a core management ethos (Jackall 1988; Magretta 2002; Schrijvers 2004). On the other hand, ER was seen as *promoting justice and welfare within a wider community as defined in open and reasonable debate*. ER is about achieving justice and welfare not only for people at work but also for the wider community. Finally, ER strongly relates to the idea of a fair, open, and reasonable debate (Klikauer 2007 & 2008).

Conclusion

Before drawing an overall conclusion, primarily from the normative argument on ethics and the supportive empirical study, a few limitations of the study need to be outlined. Like any study, the normative argument and support through the empirical study detailed above, incurs a number of limitations: the first limitation comes from the fact that this is a normative study based on the norms of Kohlberg's scale of morality which is used to discuss the norms of ER and the norms of HRM. As such, the study is largely a study of *norm-vs.-norm*. Secondly, the indirect student survey was used as *"supporting"* evidence to underpin the normative argument of the study. It is imperative to remember that the examination of HRM/ER's morality is based on a normative argument, not on an empirical study. This support carries some limitations: a) the supporting evidence comes from respondents, although with industry experience, who were students at a university; b) they were not industry experts from the field of HRM and ER; c) no direct survey was conducted; d) the support comes from the analysis of one group of students in one country at one moment in time; e) it is neither longitudinal nor cross country, nor international. With these important qualifications and limitations, the following conclusion –based largely on the normative arguments outlined above– can be drawn.

Having briefly outlined some key ethical theories of moral philosophies in the form of utilitarianism, Kantian ethics, and virtue ethics including Kohlberg's stages of morality, and having conducted a supportive study on the morality of ER and HRM, the following conclusion can be drawn from the combination of ethical theory and empirical data. This is done, firstly, by reflecting on moral theory including Kohlberg's scale, the empirical investigation, and finally an assessment and discussion of those research findings in the light of the theoretical body presented. The study has shown that morality has been universally applied through Kohlberg's theory reflecting on ethical theories such as utilitarianism, Kantian ethics, and virtue ethics. The link between ER/HRM and ethics concerns ethical philosophy because the behaviour of HRM/ER actors has real consequences and can therefore be judged ethically. ER/HRM actors conduct themselves as mature people that have developed a moral consciousness. The data shows that ER/HRM does not operate at prison- and concentration-camp levels of pure evil and punishment. However, one in seven respondents thought that HRM relies on mechanisms such as *Management by Fear*.

Perhaps not surprisingly, most respondents thought that *getting a good deal for oneself* represents the ethical stage of HRM, while only 8% of respondents thought this is the case for IR. This result clearly differentiates HRM from ER. The former was seen as egoistic while the latter was not. Similarly, conforming to expectations is more relevant to HRM than to ER. However, the greatest overlap has been found to be in the area supporting law and order with an almost equal allocation of preferences. After that, HRM does not appear to keep pace with the ascending scale of ER. In other words, the ethics of HRM remains linked to companies as the prime location of HRM's engagement. HRM appears incapable of transcending beyond the confinements of a company. This restricts HRM's morality. Not surprisingly, HRM's morality does not extend to the social values of utilitarianism: *creating the greatest good for the greatest number of people*. This is much more seen as being part of ER as it reaches far beyond the confinements of companies and corporate life.

This provides some empirical evidence in support of the conclusion because most respondents saw HRM as company based. It restricts ethics to the moral levels of 2 to 4 on Kohlberg's scale. HRM has been shown to be unable to reach higher levels of morality. The ethics

located at these higher levels has been associated with a fully developed moral consciousness that includes not only corporate welfare but also connects well with the wider community and society. HRM has not been seen as reaching beyond the confines of profit-making maxims. In contrast, ER has been shown to be able to reach higher levels of morality associated with a fully developed moral consciousness that reflects Hegel's Sittlichkeit (moral life) more than HRM's highly structured existences inside managerial regimes. Perhaps the higher levels achieved by ER are due to its disconnection from the confines of profit-making maxims. In short, it appears as if HRM protects the institution over human beings while ER does the very opposite. As noted by Chomsky's *profit over people* (1999), HRM is linked to the moral confinement of profits while ER has been associated with *people*.

The initial normative definition of HRM as outlined in the introduction –HRM is about *the management of people at work*– denotes two things: a) that HRM's location is *'at work'* signifying HRM's company focus; and b) *the management of people* it is part of management. Hence, HRM is often forced to show its contribution to the overall objectives of management in the form of *The Real Bottom Line* (Magretta 2002:129-140), shareholder-value, profit-maximisation, competitive advantage, organisational outcomes, and ROI: the return of investment. Not surprisingly, a sample of seven HRM textbooks from seven English-speaking countries shows the linkage between HRM and HRM's contribution to competitive advantage, ROI, *The Real Bottom Line* (Magretta 2002:129-140), organisational objectives, performance outcomes, etc. (Beardwell & Claydon 2011:303-304; Belcourt et al. 2011; Grobler et al. 2011:559-560; Jackson et al. 2012; Kramar et al. 2011:418, 420, 471, 507, 640, 646 (ROI) & competitive advantage (26-44); Macky 2008:13-15 & 27; Patrick et al 2011:36, 68-69, 73-77; Schwind et al. 2011:175-176, 430-431).

Given that, an initial and overall conclusion might indicate that HRM sees its *moral duty* (Kant) linked to the objectives outlined above. These are parameters largely set by management and corporate policies designed to enhance competitive advantages, shareholder-value, profit-maximisation, and *The Real Bottom Line* (Magretta 2002:129-140). To achieve that, HRM's task is to link *intrinsic* and *extrinsic* (Herzberg et al. 1959; Herzberg 1966) *personal payoffs* (Kohlberg 1981 & 1984) to performance management and organisational performance (McGregor 1960 & 2006). HRM achieves this through a raft of measures ranging from performance management, individual bonuses, performance related pay, and the *Balanced Scorecard* (Kaplan and Norton 1992, 1993, 2004).

ER, on the other hand, has the freedom of not being restricted to cost-benefit and profit-maximisation and therefore has been seen as living up to the ethics of utilitarianism. For HRM, it appears as if utilitarian ethics is largely out of reach. Due of its structural confinements, it can't apply utilitarianism universally. For ER however, the ethical values of society based utilitarianism can move upwards to reflect *universalism* because it can apply both to society and indeed globally. In the final assessment of ER and HRM, ER corresponds to universal ethics and to utilitarianism. Achieving the utilitarian principle of the *Greatest Happiness for the Greatest Number of People* is seen as an inherent part of ER but not for HRM.

In conclusion, the ethics of HRM is seen to be limited to *getting a good deal for oneself*, *conforming to standards, and law and order*. It is the final level at which HRM is no longer seen to be able to achieve higher ethical levels. For ER things are different. For the ethics of ER *law and order* is merely seen as a starting point that it has in common with HRM. However, ER represents the ethics of justice and beyond. It has been seen as carrying strong

connotations to the *promotion of justice and welfare within a wider community*. This hasn't been so for HRM. In short, the association between justice/welfare and HRM is weak while it is strong for ER (one in three). The second issue that defines the ethics of justice and welfare is communication. Again, ER differs vastly from HRM. Engaging in an *open and reasonable debate* is strongly associated with ER.

At the next level (6) these ethical principles are universally applied. Again, ER appears to outperform HRM. ER reflects much more what has become to be known as *Global Ethics* than HRM. When it comes to *Global Ethics,* ER, rather than HRM, can be a carrier for such an ethical position. Universalism and Global Ethics are not associated with HRM. At the final stage of morality ER has a closer association with the ultimate ethical goal of supporting life beyond human beings. Again, ER outperforms HRM by a margin of 11:1. In short, pressing issues such as global warming and sustainability are better suited to be dealt with in the realm of ER rather than in HRM. In sum, if both –ER and HRM– seek to reflect modern ethics, then Human Resource Management has a much longer way to go compared to employment relations.

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