Business Skills and Performance Management

Lecture Title:
Ethical and Professional Norms in Performance Management

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Masters in
Human Resources Management

Learning Objectives

- Critically evaluate the application of professional codes of conduct in HR and management
- Analyse ethical dilemmas in performance evaluation and target setting
- Apply ethical decision-making frameworks to organisational scenarios

Group Discussion

Why is it important that HR practices, including performance management, are ethical and professional?

Effects of Ethical & Professional Practices

Aspect	Benefits of Ethical & Professional HR Practices	Effects of Unethical & Unprofessional HR Practices
Trust & Credibility	Builds trust between employees, managers, and HR; enhances credibility of HR decisions	Erodes trust; employees may doubt fairness of appraisals or promotions
Employee Engagement & Motivation	Employees feel valued and fairly treated; higher engagement and motivation	Decreased morale; disengagement and reduced productivity
Organisational Reputation	Positive reputation attracts talent and improves external perception	Damaged reputation; negative employer branding; talent loss
Legal & Regulatory Compliance	Reduces risk of lawsuits, complaints, and regulatory penalties	Increased risk of legal challenges, grievances, and fines

Effects of Ethical & Professional Practices

Aspect	Benefits of Ethical & Professional HR Practices	Effects of Unethical & Unprofessional HR Practices
Retention & Loyalty	Ethical practices improve retention, loyalty, and employee satisfaction	Higher turnover; loss of top talent; recruitment challenges
Decision Quality	Performance evaluations, promotions, and rewards are fair, transparent, and evidence-based	Biased or inconsistent decisions; favouritism or unfair treatment
Culture & Values Alignment	Reinforces organisational values; promotes a positive, ethical culture	Weak culture; employees may adopt unethical behaviours to achieve results
Conflict Reduction	Fewer disputes over performance ratings, promotions, or disciplinary actions	Increased conflicts, complaints, and workplace tension
Long-term Performance	Supports sustainable performance and productivity; ethical behaviours cascade through teams	Short-term gains may be achieved, but long-term performance and trust suffer

Ethical Performance Management

- Performance management often involves judgment, power, and subjectivity. These aspects can hold various ethical challenges.

- Examples of unethical issues related to PM :

- Manipulated performance ratings to meet corporate metrics
- Bias in appraisals (gender, ethnicity, tenure)
- Overly aggressive target-setting causing burnout or misconduct
- Pressure to overlook poor performance of senior leaders

Professional Codes of Conduct in HR

"Principles, values, standards, or rules of behaviour that guide the decisions, procedures and systems of an organisation..." (UK DERA Report, 2004)

Purpose in HR and Management:

- Define acceptable behaviour
- Promote fairness, transparency, and accountability
- Protect employees and organisations
- Reinforce professional identity

Professional Codes of Conduct in HR

Code of Conduct	Key Principles	Scope / Applicability
World Employment Confederation (WEC) – Global Code of Conduct	Compliance with laws, fair treatment, transparency, confidentiality, professional integrity	Private employment services and HR professionals worldwide, including EU
European Association for People Management (EAPM) – Code of Professional Conduct	Professional competence, ethical behaviour, accountability, confidentiality, transparency	HR professionals across Europe (EAPM members)
European Commission Staff Code of Conduct	Independence, impartiality, loyalty, integrity, professional secrecy	EU institutional employees, including HR staff
CIPD Code of Conduct and Ethics	Professional integrity, public interest, competence, confidentiality, accountability	Widely recognized for HR professionals across the EU
European Charter for Researchers & Code of Conduct for Recruitment of Researchers	Ethical recruitment, fairness, non-discrimination, transparency, career development	Researchers and HR staff involved in recruitment and career development in EU institutions

Group Discussion

"Where might conflicts arise between personal ethics and professional codes?"(E.g., pressure from leadership vs. commitment to impartiality.)

Conflicts Between Personal Ethics & Professional Codes

Scenario	Personal Ethics (Internal Value)	Professional Obligation (Code Principle)	Potential Conflict / Dilemma
Favouritism or leniency in performance reviews	Empathy or loyalty to a colleague	Impartiality, fairness, objectivity (CIPD, CMI codes)	Wanting to "help" vs. duty to apply fair criteria
Redundancy or dismissal decisions	Personal discomfort with harming livelihoods	Professional requirement to apply policy consistently	Human sympathy vs. fairness and consistency
Cultural or religious value conflicts	Personal moral code shaped by belief or culture	Professional requirement for equality and non-discrimination	Value-based bias vs. legal/professional impartiality
Whistleblowing situations	Loyalty to organisation or colleagues	Professional duty to expose unethical behaviour	Fear of retaliation vs. moral courage

Theoretical Frameworks: Linking Ethical Frameworks to Personal–Professional Conflicts

Deontological Ethics - Duty Based
Virtue Ethics - Character Based
Utilitarianism - Consequence-Based

Deontological Ethics – (Duty Based Ethics)

The term deontology is derived from the Greek deon, "duty," and logos, "science." This theory emphasizes the significance of responsibility and conformity to norms in determining the morality of actions, regardless of their consequences.

- **Professional codes of conduct (like the CIPD or EAPM) are built on *deontological* logic**
- **They define duties such as *honesty, fairness, impartiality,* and *confidentiality***
- **HR professionals are expected to follow these duties *consistently*, even when doing so feels uncomfortable or unpopular**

Example:

A manager pressures you to give inflated ratings to a high-potential employee.
Deontological Ethics require that :- "The professional duty of honesty and fairness must be upheld, even if refusing to obey a manager causes tension".

Virtue Ethics – (Character Based Ethics)

Morality is rooted in the ***character*** *and* ***intentions*** of the person, not just rules or outcomes.

•Focuses on *moral integrity*, *empathy*, and *practical wisdom (phronesis)* — doing the right thing in the right way.
•Personal ethics often emerge here: compassion, loyalty, and courage.
•A "virtuous" HR professional balances competing values rather than blindly following rules.

Example:
You're asked to dismiss an employee who's underperforming due to illness.
A *virtue ethicist* might ask: "What would a fair and compassionate professional do?"
They might explore alternatives — such as support or adjustment — before termination.

Utilitarianism – (Consequence Based)

This theory revolves around the idea that morally right action is the one that produces the greatest good for the greatest number.

- Common in business logic and performance management — decisions justified by impact on organisational success or majority benefit.

- A utilitarian might tolerate short-term harm to some individuals (e.g., redundancies) for long-term organisational or societal gain.

Example:
HR supports restructuring that will lead to 10% employee terminations but will save the company (and 90% of jobs) from collapse.
A utilitarian would see this as ethically justified because it maximises overall welfare.

Stakeholder Theory – (Balancing the Interests of All Stakeholders)

The core idea of Stakeholder Theory argues that ethical and responsible management requires considering the needs, rights, and impacts on all stakeholders — not just shareholders or senior management.

- Developed by R. Edward Freeman (1984), it reframed business ethics by highlighting that organisations are moral communities with multiple interdependent actors.
- Key Principle - Managers have an ethical duty to balance and respect the legitimate interests of all who are affected by organisational decisions.

Example:
HR is asked to impose aggressive performance targets to meet shareholder expectations — but doing so causes employee burnout.
Stakeholder approach: Evaluate how each group (employees, leaders, customers, society) is affected and seek a balance — e.g., redesign goals or introduce wellbeing safeguards.In practice:

Rest's Model of Ethical Decision Making

Developed by James Rest (1986), this model describes how individuals make ethical decisions — a process model rather than a moral theory.

Stage	Definition	Example in HR / Performance Management
1. Moral Awareness	Recognising that a situation has an ethical dimension or that someone could be harmed or treated unfairly.	HR notices a manager manipulating performance scores to favour friends.
2. Moral Judgment	Evaluating which course of action is most ethical using reasoning or ethical frameworks (e.g., fairness, rights, duties).	HR evaluates the situation: fairness and integrity are violated by the manipulation.
3. Moral Intention	Deciding to act ethically, even if it conflicts with self-interest or external pressure.	HR resolves to report the issue, despite potential backlash.
4. Moral Behaviour	Taking ethical action and following through with integrity and courage.	HR reports the misconduct, documents evidence, and supports corrective action.

Group Exercise –

"What's the Right Thing to Do?" – Applying Ethical Frameworks to HR Decision-Making

☐ Scenario

You are an HR Business Partner in a medium-sized company.

The CEO pressures you to lower performance ratings for several employees to justify cost-cutting redundancies.

You know some of those employees have met or exceeded their targets, but the CEO insists the business "can't afford to reward everyone this year."

You must decide what to do according to the theoretical framework assigned.

Individual Reflection Exercise

Use reflection sheet provided.

Consider the following questions:

- How will you apply ethical reasoning in performance management?
- Which ethical frameworks or professional codes will guide your decisions?
- What challenges do you anticipate when ethics conflict with organisational pressures?
- How will you respond to those challenges?
- Write down 2–3 concrete actions you could take in your future HR role to ensure ethical performance management.

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