



# CPM, HRM AND HUMAN HAPPINESS

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Managing people at the work is the central force in driving organizational performance. Recently, the effective management of people at work has gained attraction due to number of ongoing changes in the external environment in which the organizations operate. Human resource management is the backbone and an important part of any organization (Collings & Woods, 2009). It is constituted of all the activities concerning recruiting and selecting, designing work for, training and developing, appraising and rewarding, directing, motivating and controlling workers (Mathenge, 2012). The report outlines how contemporary people management has developed over past three decade from operational function to organizational variability and sustained competitive advantage. CPM/ HRM has a big role in aiding manager on how to treat employees (Baruch & Rosenstein, 1992). Thus, in order to consider the importance of people management from an ethical perspective is to address the issue of choosing right way to treat employees.

In the past few years, the company's workforce has become an important ingredient of business success. It has gained so much attention that the managers now days seek people and workforce-related issues as a critical competitive differentiator and one of the key success factor. The contemporary focus on people has been identified as a source of competitive advantage which is backed up by corporate literature of firms across diverse industry sectors claiming a heavy reliance on the human resource to deliver the strategic objectives (Elsner, 2015). People management is about managing people. Contemporary People Management is a subset of human resource management that deals with the strategic, financial and policy issues as well as people management (Klikauer, 2012).

The amalgamation of ethics into HRM revolves around the fact that humans are not simple resources like capital, equipment and raw material. Humans have feelings, aspirations and needs.

Ethical consideration in HRM is becoming increasingly important in all industries. Human resource management is most focused on the employees and employee behavior while defining ethical behavior and communicating ethical values in order to improve company performance (Klikauer, 2012). Whereas, people management defines all the management decisions and actions that directly affect or influence the people as members of the organization instead of the job holders. The agenda of people management in this twenty first century is being considered as a vital part contributing to the organizational performance. Arguably, HRM has become the dominant approach to contemporary people management (CPM). The human side of enterprise links the leadership and management style to motivation. For example McGregors theory X and theory Y is basically a contrast between authoritarian people management (theory X) and a modern form of human relation (theory Y) (Crawshaw, et al., 2014). His idea also parallel the hard and soft HRM approach. Contemporary people management became the central strategic issue rather than a necessary inconvenience. The HRM components in past paralleled the Japanese people management in that period. HRM has been seen as proactive that looks at people in economic terms as either the costs or assets to be actively managed. HRM was also seen to be strategic that ties people management to business objectives (Crawshaw, et al., 2014).

The management of human resource evolves around the ethical dilemmas that are defined broadly as the situations in which one or more values are in conflict. Organizations are bound by law to treat people they employ without discrimination and fairness but conformity with the legal requirements does not ensure best treatment of human capital. Here comes the role of ethics. The ethical approaches to HRM are diverse ranging from individualism to utilitarianism. Utilitarianism is based on an ethical action which produces the most good and the least harm for everyone who is affected by the action (Greenwood, 2002). It is based on the Greatest Happiness

Principle which states that actions are considered to be moral when they promote the utility and immoral when they promote the reverse. In particular utilitarianism defines an action to be morally and ethically correct if it maximizes the net social benefit (net social benefit is the difference between social benefit and social cost) (Klikauer, 2013). The utilitarianism approach focusses on the judgement of ethics of the action in terms of the sheer results that are produced by the action. The benefits and costs that are produced by the action are not examined from the perspective of the decision makers, instead all the benefits and costs that affects everyone are counted. The associated benefits and costs to be counted includes both that accrue in the present time and the ones that will accrue in the future time (Klikauer, 2013). The action produced in utilitarianism approach must produce more good than harm for being considered as ethical.

Utilitarianism is the philosophy which states that an action or law is right only if it produces a good or the best outcome (Storey, 2007). This is obvious through the Happiness Principle of utilitarianism stating that the ethics should bring forward the greatest good the greatest number of people. HRM is not concerned with law or action affecting the action and the correctness of organizational rule instead it looks at the performance outcomes for the company. HRMs outcome does not focus on the greatest good for the greatest number of people but it looks at the greatest organizational performance statistics (Storey, 2007). The action inside the company tends to focus on the opposite of what Happiness Principle holds. HRM seeks for withholding or giving the limited number of goods to fixed number of people. For example a 5% increase in the pay role of the every employee is not what HRM seeks but a 5% pay increase will be given to chosen employees on the basis of some target achieved.

Since the Utilitarianism approach holds that the relevant thing is to determine whether an action is right or wrong is to be found in the outcome of actions (Klikauer, 2013). The new name of

consequentialism is also tagged for utilitarianism approach since it make consequences seem important. HRM has an *accidental approach* through which it produces more good instead of being *essentially* producing more good for everyone. HRM's accidental action produces the positive outcome in regards of the Happiness Principle. The essence of consequentialism and essentialism determines and concludes that HRM is not an ethical action in the sense of these two ethical principles.

HRM seems distant from Utilitarianism approach because of the outcomes being focused in each agenda. Utilitarianism links to consequentialism be measuring the outcomes, not intentions and moral motives. On the other hand HRM measures the organizational goals like ROA, performance related pay and the balanced scorecard approach (Klikauer, 2012). These cannot be positively linked with the utilitarianism approach of "Happiness Principle". Utilitarianism is basically the version of ethics that are more geared towards the wellbeing of the persons but HRM is not geared towards human wellbeing instead it is more focused on achieving organizational performance and the tangible outcomes for businesses. However, HRM might include a wellbeing for employees perspective based on the notion of increasing productivity through motivating the employees but it does not mean that HRM is interested in wellbeing as an outcome instead it is much more interested in the productivity of employees.

Utilitarianism approach is linked to perfect equality for increasing the total happiness levels of the existing persons and improving their lives as much as possible (Elsner, 2015). This is in contrast with the HRM's objective of organizational performance that translates the human behavior into the bottom line. HRM is not dedicated towards the utilitarianism principle demanding for improving the lives of employees instead it doesn't support human resources which are unprofitable and try to eliminate them by using the balanced scorecard approach.

Utilitarianism's telos are to create the happiness for all existing people while HRM's telos is more geared towards serving those human resources that are profitable to support the bottom line of a company (Elsner, 2015). For example, the ethics of narrowing down the wage gap can trigger the utilitarianism approach as it seeks people as equals. HRM, however does not see people as equals instead it turns them into non-equals for ordering to sustain the wage-gaps, hierarchies and power.

HRM is an integrated approach that provide a coherent program linking up all the aspects of people management. It presents a consistent view of people management in which the employees are treated as the valuable assets. Organization's reward system and performance measures are used to maximize the utilization of human resource. HRM and CPM are linked to each other as both are concerned with managing people. HRM is concerned with the management of relations between groups of people in their capacity as employees, employers and managers. Etzioni (1990) described HRM as the utilitarian rationalist and individualist paradigm that focusses on utilizing humans as resources to generate the value (Tonks & Nelson, 2008).

Human resource management is an area that is rich in ethical dilemmas and the human resource management ethical dilemmas can be analyzed by using a framework of the moral principles. The implication of utilitarian approach for HRM is that when confronted with a moral dilemma, the PR actioners should apply the universal principles upon which the respective theory is based for identifying the morally correct course of action. The practitioners may find themselves confronted with the immediate difficulty leading to contrasting practical prescriptions of utilitarian and HRM approach. Since utilitarianism focusses on maximization of beneficial consequences for all but the utilitarian judgement is not straightforward in HRM context. Human happiness is becoming essential for managing people effectively. The human resource manager's

focus on motivating employees to enhance the productivity, however its overall approach is not to produce maximum good for maximum number of people. The contribution of HRM into driving human happiness can be done through motivating the employees and providing them incentives based on rewards system to make them happy.

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