Human Resource Management in a Compartmentalized World: W(h)ither Moral Agency?

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Abstract

This paper examines the potential for situated moral agency in actual organizational practice. It draws on an ethnographic study of human resource managers in a global organization to provide a theorized account of moral agency in-situ. This account suggests that within contemporary organizations, institutional structures - particularly the structures of Anglo-American market capitalism and the logics of neo-liberal economics - threaten and constrain the capacity of HR managers to exercise moral agency and hence engage in ethical behaviour.

The contextualized explanation of HR management action directly addresses the question of whether HRM is *inherently* unethical. The discussion draws on MacIntyre's (1999, 2000) conceptualization of moral agency within contemporary social structures. In practice HR managers embody roles that may not be wholly compartmentalized. Alternative institutional structures can provide HR managers with a vocabulary of motives for people-centred HRM and widen the scope for the exercising of moral agency, when enacted within reflective relational spaces. The paper aims to contribute to and extend debate on whether HRM can ever be ethical, and provide a means of reconnecting business ethics with longstanding concerns in critical management studies.

Keywords: Moral agency, relational sociology, institutional theory, relational spaces, human resource management

Introduction

The following conversation took place between two human resource managers in a global corporation[1]..:

> Louise, HR manager: *[Senior executives] still do deals and cut conditions while we do the warm and fluffies*.
> Frank, HR manager: *We're driven by market opportunism, takeovers*.
> Louise: *There's a lot of crap. On one hand we're screwing people on the [collective agreement]*.
> Frank: *Except when the CEO turns up and says, 'We're gonna sack you in a month'*. *Then people become important*.

Can human resource management *ever* be ethical? The extent to which individual HR managers can and do engage in ethical practice within global business organizations is a question of increasing concern as these organizations expand in power and reach. Human resource management decisions have, as Margolis, Grant and Molinsky (2007, p. 237) note, "the potential to change, shape, redirect and fundamentally alter the course of other people's lives", for better or for worse. This important aspect of human resource management distinguishes it from many other areas of management practice. For this reason human resource managers have, at least ostensibly, a "special professional responsibility" for the well-being of employees (Kochan, 2004, p.133). Yet in spite of numerous calls for 'ethical HRM', we have seen little evidence that HR managers take this responsibility seriously, and much evidence to the contrary (Bolton and Houlihan, 2007; Wilcox and Lowry, 2000; Winstanley and Woodall, 2000).

The barriers to ethical HRM practice can seem insurmountable, as Greenwood (2002) and others have noted. Nonetheless, as the field extract above suggests, some HR managers do retain an awareness of the negative impact of the "market opportunism" and other contextual "crap", on decisions that ultimately change the lives of others in their organization. In this paper I examine this question of whether HRM can ever be ethical by exploring the notion of *situated moral agency*, the key underpinning of any form of ethical action. I build on MacIntyre's work, applying his theorizing of the constraints to moral agency and virtuous practice to an empirical study of HR managers in a global corporation. Specifically, I consider the extent to which moral agency is possible in an environment where the market logics of 21st contemporary capitalism predominate (Beadle and Moore 2006), given the potential for capitalism to 'destroy' the moral foundations of social interaction (cf. Hirschman 1982). The moral autonomy and moral agency of HR practitioners is arguably being undermined by business priorities that increasingly give credence to the instrumental use of

employees-as-resources. It is perhaps not surprising then, that Kochan (2004) observed a "crisis of trust" in the HRM profession; indeed scholars such as Legge (1998) and Greenwood (2002) have argued that HRM is inherently *un*-ethical. These arguments, while bringing attention to valid concerns related to the recasting of HRM as simply an offshoot of business strategy, carry with them the assumption that HR managers are captive to the institutional contexts or "system constraints" (Beadle and Moore, 2006) within which they are situated, and downplay the potential for agency.

The focus here is on the *practice* of human resource management, rather than the conceptualization of the field, or what might be called the 'HRM project'. It is important to remember that human resource management practice is heterogeneous (Lowry, 2006), and what we call 'human resource management' is actually the outcome of the agency of HR managers or practitioners. Assessments of the extent to which such practice is ethical or unethical will always need to account for the specifics of time and place surrounding such action. Human resource management practice must hence be envisaged as *situated* social action (Mutch et al., 2006). It is through the examination of the situated action of HR managers themselves that we can gain a better understanding of the extent to which human resource management is inherently ethical or unethical. This is the aim of this paper.

This research study explicitly addresses shortcomings in both business ethics and critical human resource management literature (see Delbridge, 2010; Watson, 2004) by examining the interactions between structural positioning and HR agency through a theorized empirical account**.** Importantly, this study of 'ethics in action' involves a consideration of context and meaning-making.

The second contribution relates to the explanatory power of integrating social science/organizational theory with ethics in order to deepen our understanding of the conditions in which moral agency is possible. In *After Virtue* ([1981] 2000), MacIntyre emphasized the need for moral philosophy to be underpinned by sociological accounts of how and why agents act as they do. Importantly, this paper considers the mechanisms through which organizational actors find space for moral agency; specifically, actors' use of "relational spaces" (Kellogg, 209) as reflective milieus of the type MacIntyre (1999) has argued are necessary conditions for moral agency. In this regard, this paper extends the work of Sonpar et al. (2009) and Weaver (2006) in examining the role of agency in the face of institutional pressures. It also extends social-psychological accounts of moral agency (Bandura 2002, Bandura et al. 1996).

This paper presents a theorized account of moral agency *in-situ* which explores the proposition that *the degree to which HRM practice is 'ethical' will always be context-dependent*. The paper commences with an explication of moral agency in terms of its philosophical and sociological

dimensions, and integrates social science/organizational theory with ethics in order to deepen our understanding of the conditions in which moral agency is possible.

The structural positioning of human resource managers in contemporary organizations and the attendant limits to their moral agency is then explored. The paper enables understanding of how HR managers interact with a context that gives primacy to market considerations and the commodification of humans. The paper then moves to a discussion of an empirical case study as an example of situated moral agency. The ethnographic methodology adopted here allows a situated analysis of the system constraints managers confront; constraints which have the capacity to prevent virtuous practice in organizations. Finally, the implications of this research for the critical analysis of HRM ethics are outlined along with a call for further dialogue on this important topic.

Unpacking Moral Agency and the Structural Positioning of Human Resource Managers

Moral agency – the agency exercised by organizational actors in pursuit of ethical practice – is a concept that demands explicit theoretical and empirical examination. Yet, with few exceptions, notably a special issue of the journal *Organization Studies* in 2006, (see Beadle and Moore, 2006; Nielsen, 2006; Weaver 2006; also Mangham, 1995; Moore, 2008; Roberts, 1984), there has been scant attention to contextualised moral agency since the original publication of Alasdair MacIntyre's seminal work (MacIntyre, [1981] 2000)[2]. Analytically, *moral agency* is best viewed as comprising two dimensions – the *moral*, the investigation of which is a philosophical endeavour, and *agency*, the investigation of which is typically a sociological endeavour. It is the active form of the idea of moral autonomy (cf. McKenna and Tsahuridu, 2001), which also includes a notion of self ('who am I as moral agent?') that needs to be considered. Moral agency is typically manifest as ethical action or inaction, which may be preceded by moral struggle on the part of the agents (Lowry, 2006). All of these facets need to be teased apart in order for the notion of moral agency to be fully understood.

Social scientists, particularly those interested in 'new institutional theory'[3] and critical realist 'relational sociology', have been showing renewed interest in the interplay between agency and underlying structural contexts. These two sociological frameworks acknowledge the ways in which social, political and economic contexts both shape and are shaped by the actions of individual and organizational agents. The research agenda suggested by relational sociology sees agency as temporally and contextually embedded (Emirbayer, 1997; Delbridge and Edwards, 2007; Mutch et al., 2006). This approach allows a teasing out of the effects of hostile organizational contexts on the moral

agency of managers. Through this type of analysis we can better understand whether and how HR managers might come to exercise their own moral agency.

From this sociological perspective, a manager's capacity for agency is not considered to be fixed; agency is a "temporally embedded process of social engagement" (Emirbayer and Mische, 1998, p. 963), which is influenced by past and present contexts and actions, the meanings ascribed to them, and the agent's sense of future possibilities. Management action hence cannot be reduced to the simple 'rational' (or irrational) choices of individuals. Within organizations, managers respond to and grapple with, the contexts that help define the options for action available to them, constraining some and enabling others. These "multiple and layered frameworks of action" (Bolton and Houlihan, 2007, p. 7) are best viewed as manifestations of social structures at a particular time and place. These structures, such as the institutional orders of market capitalism, the state, and the family are manifest in the 'relatively enduring' cultures, values, meanings and routines that shape, and are shaped by, human action (Friedland and Alford, 1991). The way that managers view a situation, and the extent to which they recognise the moral dimension of their actions, thus depends in part on the social structures in which they are embedded. In a given context, for example, certain 'logics', will predominate, and others may be ignored (Friedland and Alford, 1991). The degree to which any set of logics prevail will depend on the particular political, material and symbolic resources and relationships predominant in an organization. These resources and relationships can in turn be seen as effects of underlying structures of power (Clegg, 2010, p.9). They form an important part of the contextual backdrop for HRM action.

Within a critical realist ontological framework, agency and structure are distinct, "located within and reproducing or transforming the network of social relations we call society" (Reed, 1997, p. 30). The stratified ontology of critical realism (Sayer,1992) allows for more nuanced understandings of agency by analytically separating the *structures* of the 'real' domain (such as the institutional structures of capital or state), from *manifestations* of these structures in what is termed the 'actual' domain *(*such as the workings of organisations, governments or individuals) and actors' *experiences* (of events and other manifestations) in an empirical or (observed) domain. The "generative mechanisms" (Bhaskar, 1989, p. 16) of the real domain can hence give rise to observable events in the actual domain (Ackroyd and Fleetwood, 2000; Fleetwood, 2005). These structures, conditions and mechanisms have causal powers regardless of whether they are exercised, and whether or not they give rise to events will depend in part on the specifics of a situation (Ackroyd and Fleetwood, 2000; Reed 1997). This understanding ties in directly with MacIntyre's own underlying

ontological and epistemological assumptions about social structures[4] (Achtemeier, 1994; Beadle and Moore, 2006).

Within contemporary organizations, the 'real' system constraints faced by HR managers take the form of a particular type of structural and contextual positioning. HR managers face multiple tensions between the logics of market capitalism in its various forms, the logics of professional practice (if they consider themselves to be HR 'professionals'), and the logics of state interpretations of the employment relationship. Increasingly, though, it is the logics of global (or more precisely, Anglo-American) capitalism – of "accumulation and the commodification of human activity" (Friedland and Alford 1991, p. 248) – that have come to dominate. In these circumstances the interpretive schemes, values, discourses and priorities of global capitalism become taken-for-granted 'facts' of organizational life in the actual domain – legitimate and difficult to question. Managers can lose their capacity to act as moral decision-makers (McKenna and Tsahuridu 2001) and ethical concerns can be masked when competitive position, efficiency and quarterly shareholder returns are held sovereign (Butterfield et al., 2000; see also MacIntyre, 2000).

The issues raised here form the backdrop to claims that human resource management *can never be ethical* and HR managers cannot (or do not) exercise moral agency. Given the strategic reconceptualization of human resource management over the past two decades, and the associated consensus in human resource management literature around the idea that human resource management serves the interests of business first and foremost (Keegan and Boselie, 2006), the claim that 'ethical human resource management' is an oxymoron is hardly surprising. But are there circumstances in which HR managers *can* act ethically, as moral agents? The importance of this question is underscored when we consider HR managers' commitments (or special professional responsibilities) to employees, held by virtue of their organizational roles (Kochan, 2004). The HR manager hence needs to be understood as a "thick" moral agent, with "*particular* characteristics that are relevant to his or her moral obligations and moral standing" (Manning 1994, p. 203). In practice, this could involve, for example, the HR manager exercising a duty of care towards employees, or taking steps to encourage the just treatment of employees though training, performance management practices or reward systems.

MacIntyre has specifically considered the question of moral agency in constraining contexts. In his 1999 paper, he has set up a number of pre-conditions necessary for the exercising of moral agency. He argues that social actors need a capacity for both self-reflection and the critical examination of established social orders (and hence contextual structures) if they are to be moral agents. McKenna and Tsahuridu (2001, p. 71) have similarly argued that one's ability to exercise

moral agency will typically depend on their "freedom to rationally examine society's values, choose what values to make one's own and use them in making ethical decisions". A sense of accountability to others is also required. MacIntyre contends that in practice, the development of these capacities within individuals can only take place in particular social settings, "milieus" which enable "reflective critical questioning of standards hitherto taken for granted" (p. 317). It is within such milieus that individuals can deliberate with "reliable others" (p. 316).

The question is whether such milieus can ever exist in contemporary business organizations. On this point MacIntyre is pessimistic. This is because of what MacIntyre (1999) has termed the "peculiarly modern phenomenon" of "compartmentalization" (p. 322). Compartmentalization involves the insulation of distinct social structures so that "each distinct sphere of social activity comes to have its own role structure governed by its own specific norms in relative independence of other such spheres" (p. 322). This insulation of one social sphere from another means that when individuals are "dissolved" in the roles, they fall in to the standards and norms of that role (p. 322). Because of the tight confines of their roles they do not have access to any milieus where they can, in conversation with other critical agents, disengage and scrutinize the values, norms and expectations of their roles.

MacIntyre (2000) has argued that such compartmentalization is an ever-present feature of contemporary society, as "individualism ...acquisitiveness and its elevation of the values of the market to a central social place" (p. 254), means that within business organizations, managers "compartmentalize themselves within the confines of a morally stunted version of utilitarianism, namely cost-benefit analysis" (Dobson, 2009, p. 45)[5]. This characteristic of modern social structures denies individuals sufficient opportunities for reflective critical questioning. MacIntyre's arguments hence fit in well with the argument that human resource management can never be ethical.

The idea that, for managers, ethical considerations can be bracketed within compartmentalized role structures is given further support when we consider the ways in which organizational actors come to rely on scripted behaviours, many of which preclude recognition of the moral dimension of organizational decisions (Butterfield et al., 2000, p. 983; Gioia, 1992). So it is not only the prevalence of neo-liberal economic logics, but also the compartmentalization of roles that works against moral agency. This leads us to the central question of this paper; whether or not capacity for human resource managers to act as moral agents is *inevitably* and *permanently* removed as a result of contextual constraints on ethical action, rendering HRM practice inherently unethical. The empirical study that follows enables an *in-situ* consideration of this question.

Methodology

The study presented here considers how a group of human resource managers negotiated their organizational context in order to find space to exercise moral agency. It is derived from a larger research undertaking involving ethnographic fieldwork in the Corporate HR department of a large global corporation. This broader longitudinal study was concerned with the intra-organizational legitimation strategies adopted by this HR department in the face of changing institutional and organisational contexts. The ethnographic method adopted here provided an opportunity for immersion in the social world of HR managers within a corporation, and an insight into their experienced context.

The organizational setting for this exploratory study of situated moral agency was a global transport firm headquartered in Sydney, Australia; one of the top ten in its industry in terms of revenues and workforce. This was a high profile organization of some 30,000 full-time equivalent employees, with a Corporate HR department of around 30 staff, assisted by business unit HR managers.

The entire research project involved fourteen months of fieldwork, mainly at the Corporate Headquarters of the firm, with an average of two days spent at the site each week. A total of eighty days were spent in the field. After a series of initial interviews with the firm's senior corporate HR managers, participant observation including 'shadowing' of the managers commenced. The initial stages of fieldwork were directed towards gaining a comprehensive view of the research site, in terms of the culture, actors, relationships and historical context.

During this time empirical material in the form of interviews, observation notes, company correspondence, and other documentary material was collected. All participants gave their informed consent to their inclusion in the study. Initial interviews with HR managers were formally taped, but as the time at the site increased and I was invited to impromptu meetings, these formal taped interviews gave way to participant observation and hand written notes, which Lofland and colleagues (Lofland et al., 2006, pp. 87-88) call "talk in action". Informal interviewing, where questions were asked in the course of day-to-day interactions, was also used in the data collection process.

The fieldnotes, interviews and other organizational material were manually transcribed, and analysed using institutional theory and critical realist conceptual frames to interpret the observed processes and practices. After some weeks the focus shifted to a core group of three senior HR managers, who emerged as a conceptually meaningful group (Strauss and Corbin, 1998), as did the actions of the firm's new CEO, appointed three months after the fieldwork had commenced. Early

analysis of the fieldwork data also indicated that the key informants saw the CEO change as major and significant – a critical event, and the meanings associated with the incoming CEO's actions became an "in vivo" category (Strauss & Corbin, 1998, pp. 115-116).

It is important to note that the issue of moral agency emerged only after the fieldwork and data analysis were underway; the project was not explicitly designed to capture HRM moral agency. Nonetheless, the responses of the HR managers as they grappled with the ethical impacts of their experienced context provided a window into this important question; one that can often be difficult to observe *in-situ* and in real time. Ethnographic fieldwork carries with it a number of advantages compared with other approaches to studying moral agency in-action. With one-off interviews, for example, the relationship between the two people involved is typically fleeting and superficial and may be subject to participants providing responses they think are the most suitable for the context (Denzin, 1989, p. 114). This is less likely in ethnographic research, where prolonged interaction with organisational members is possible, leading to potentially greater depth and breadth in the study of meaning-making.

Field research, by its very nature, involves ongoing and evolving relationships, and researchers typically develop "shared social positions" within their research locations (Alvesson and Deetz, 2000, p. 63). The question of the researcher's identity is an important concern in ethnography, given the prolonged field experience central to this type of research. When ethical action or inaction is of interest, the question of researcher presence becomes even more important. The potential for social desirability considerations driving the behaviour of the managers needs to be acknowledged (Randall and Fernandes, 1991). In this case, however, as the field work progressed, my own impression-management activities and those of the HR managers became more muted. The prolonged time spent with the managers meant that in this case a degree of trust could be developed, and to some extent the various parties could become less guarded in their interactions. Participant observers can never be 'invisible', of course, but as noted above, extended fieldwork provides advantages over other empirical approaches for research questions of this nature.

The empirical material is presented here in narrative form, as three 'critical episodes' constructed from observational fieldnotes and interview transcripts collected over the course of the field research. Each of these episodes represents attempts by the human resource managers at the centre of this study to exercise agency in the face of what they saw was an increasingly constraining internal and external context. The narratives presented here are necessarily partial, reflecting my own observations of events as they were taking place, as well as interviews with the main actors and documents obtained at the time. Verbatim quotes are used as much as possible to provide a sense of

the dialogue taking place. The aim is to provide a sense of being there, as much as is possible within the limitations inherent when data are condensed and written into an account. Of course, any representation of events or experiences is simply that, a representation (in this case, *my* representation), so it can never completely 'reveal' the world that is being studied.

Case Study: Situated Moral Agency

At the time the fieldwork commenced, the case study firm had experienced two decades of deregulation and privatization across the industry, both locally and internationally. These contextual features provided a historical backdrop to the appointment of a new 'results-focused' CEO, Steve Bourke[6], some three months into the research period.

The three senior HR managers at the centre of this study – Paul Roberts, Louise McDonald, and Rob Scott – were protagonists in a wider drama of organizational change that followed the appointment of this new CEO. Each of these managers had worked with the firm for over five years, all rising through the company hierarchy to their current relatively senior positions. Collectively, these managers and their departments were responsible for Learning and Development, Remuneration, Employment, Policy, and Diversity.

At the commencement of the study the three managers exhibited confidence that their work was crucial to the task of professionalizing frontline management practices. All three labelled themselves at various times as "professionals", and "strategic" managers. They spoke of their attendance at seminars and executive breakfasts, hosted by leading well-known international HR 'gurus', and often used the jargon associated with these consultants and academics. The corporate HR managers held a dim view of the prevailing frontline management culture. Paul Roberts, for example, described middle managers within the firm as "*like being in a time-tunnel*", pointing to the "*macho*" frontline management attitudes and the prevalence of sexual harassment and bullying cases over the years. These frontline practices ran counter to the work the corporate HR managers had been carrying out in an effort to engender what they called "*People Priority One*" values across the organization. (In recognition of this work, the HR department's policies and practices for indigenous employment, work-life balance and equal employment opportunity had earned them various national awards). Similarly, in an early interview Rob Scott explained that as HR managers they had a duty to promote the idea of "*treating people like adults in the organization. If we only do one thing in HR, that's getting managers to start doing this*."

The corporate human resources identity-narrative was centred on their perceived mission of humanizing the engineering-focused management culture in this large transport firm, and bringing the

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employees to the forefront as 'assets to be valued' rather than 'costs to be minimized', in line with contemporary 'strategic' human resource management thinking (e.g. Barney and Wright, 1998; Becker et. al, 2001). As Louise McDonald put it; "*the real issue is to get these managers to think about how they're managing their own people… It's about the immediate work environment, their relationship with their manager, how the manager treats staff.*" For these managers, their commitment to this "*real issue*" was "identity-conferring" (Blustein 1992, cited Manning, 1994, p. 208).

Their confidence in this project was eroded as the firm's newly appointed CEO started to make major changes in pursuit of labour cost reductions. The first action taken by the new CEO was to announce a major restructure of the firm and the laying-off of ten percent of the firm's employees. This was to be the first of two downsizing exercises over the fourteen month research period, accompanied by other strategies aimed at reducing labour costs, such as large-scale changes to employee wages and conditions. CEO Bourke constantly employed a rhetoric of financial dire straits and over-expensive labour; this was in spite of the fact that relative to competitors, the company was performing extremely well financially and operationally, showing record profits during the year and ongoing improvements in productivity.

The aggressive cost-cutting approach adopted by the incoming CEO was, of course, not unusual. Within the structures of contemporary Anglo-American capitalism, actions such as downsizing are also promoted by financial reporting models that focus on short-term financial gains and shareholder value (Barsky et al., 1999), and reward CEOs who adopt such strategies as part of a "new narrative of hope" and "decisive" action (Roberts et al., 2006). In the firm featured here, the share price was announced to all employees every week in broadcast emails from the CEO. The vagaries of the markets and the challenges of a deregulated industry environment were continuously used as justification for the labour cost-cutting strategies, and line managers were placed under constant pressure to continue to reduce employee numbers and labour costs.

In the midst of these changes, the three HR managers started to meet on a regular basis, typically two or three times each week in the late afternoon, to discuss issues of concern. These meetings became a forum for frank exchanges on the direction and priorities of the firm, and its implications for people management practice. In addition, the HR managers organized monthly meetings with their senior HR counterparts in the firm's various divisions. The firm's new strategies and their impact on HR practice were discussed and assessed by this wider group of HR managers. These formal meetings of HR managers were reinforced by impromptu conversations. Together, these meetings and conversations provided mediums for reflecting on and responding to the contextual

events. The following vignettes, assembled from fieldnotes and documents, describe some of managers' attempts to mitigate some of the negative impacts of the new CEO's downsizing strategies.

Reaction and Action

It was at their late afternoon meetings that the HR managers expressed their frustration with the changes effected by the new CEO and their own conflicts in interests and values. Within a month of the CEO's appointment, the HR managers started to question and re-interpret their organizational context. The once-dominant logics of "*valuing people and service*" that had up until this time prevailed in the firm (and had provided them with professional identity and legitimacy) could no longer be taken for granted. After the first downsizing, which involved the laying off of close to two thousand employees, one of the HR managers, Rob, observed at a debriefing meeting; "*the company landscape now is murder. It's a scorched earth*". Later he was to describe the CEO as a "*head-kicker*", adding, "*I'm feeling worn out and emotionally bankrupt*". He was concerned that they were merely "*mopping up the blood*" from the CEO's labour cost-cutting drives, which Paul Roberts called the "*slash, rape and pillage*" strategies. Louise McDonald told her HR colleagues; "*I feel like we're standing around here doing nothing while Rome's burning*". Later, Scott remarked; "*Steve Bourke is not capable. He's a bloody cowboy. Forget about vision, forget about anything like that. It's pull out all stops for the profit announcement.*"

Over time, the HR managers continued to seek alternatives to simple compliance with the CEO's directives, as the following episodes indicate.

Episode 1, February: Lessening the Impact

As the first downsizing decision started to take effect, the cost reduction agenda of Steve Bourke and his new executive team became clearer. Paul Roberts was morose, burying his head in his hands; "*Next year they want $200 million. Another wave. The numbers are arbitrary!*"

Roberts, Louise McDonald and Rob Scott agreed to do some "*work on the side*" on the negative effects of downsizing. They set about compiling a report outlining the "*hidden costs of downsizing*", noting the impact on employee health, morale, and ultimately customer service and competitive position, which they presented to Bourke and the senior executive team. They initially tried to bring attention to the need to consider employees by using the language of 'strategic' human resource management in their report; "*effective management of our most important resource, our people, is vital to the continued success of*

[firm]. People achieve outstanding results in organizations where there is confidence and <u>*trust in each other,*</u> *and an ability to work together to succeed."* They pointed out in numerous forums the imperative to treat employees with respect rather than as commodities ("*just treat them as people*", Louise McDonald had exhorted one group of executives).

However, the HR managers soon came to appreciate the implications of the context they were now facing. Roberts declared at a meeting in that first month; "*There is no rhyme or reason. [Bourke's] announced it to the press…. the real number [of layoffs] is much more. How can we do that in four months? What are we supposed to do?*"

The managers decided to do what they could, and "*tried to fiddle the books*" as Paul Roberts put it. By working with HR managers in the business units to transfer employees to alternate employment categories, and "*double-counting*" employees who had resigned in the previous months, the HR managers were able to manipulate the tally of laid-off staff so that the actual number of staff losing their jobs was around twenty percent less than reported to the CEO.

Episode 2, March: Minimizing the harm

The following month, the Corporate HR managers worked to ensure that humane policies and practices were followed if layoffs had to proceed. At one of the afternoon debriefing sessions, Louise MacDonald exclaimed; "*There's a lot of reactionary things going on at the moment. Some frightening things are coming down from the senior management team. Knee jerk stuff, like we're punishing the survivors*." The managers decided to put together a series of reports in an attempt to influence line management practices during the inevitable downsizing. For example, the Corporate HR managers distributed a policy document outlining in detail the procedures they expected line managers to follow, which included "*communicating clearly and honestly to staff in advance of the redundancies… provid[ing] assistance to employees being made redundant (career assistance, financial planning and resume writing assistance)."* These managers spent a great deal of time with managers in the various business units, overseeing the redundancy processes and ensuring that pay entitlements were maximised, accounted and distributed. Over a three week period the HR managers worked extensively with business unit managers to ensure that as many employees as possible were able to be redeployed. They also made arrangements for laid-off staff to have access to a range of outplacement services including training and counselling, regardless of their location.

So while the HR managers were not able to save the jobs of all the affected employees, they were able to exert some influence on the layoff processes themselves.

Episode 3, April: Blowing the whistle

Two months after the first set of layoffs, Rob Scott revealed that the CEO and his senior executive team had sidestepped the conventional executive remuneration process, in which the Corporate HR unit would typically be involved, awarding themselves a pay increase a month after the first downsizing. "*Something was wrong"*, he declared*, "with corporate governance*". He continued:

> "*[Senior executives] got this sleazy grubby consultant, ... who 'read'* (making quote signs with his fingers) *what they wanted and gave it to them in a report. We are talking about a 35 per cent pay rise for them when we are supposed to be doing badly.*
>
> *It makes me sick… I went and told [a senior executive] that this was just wrong. How could they do this?*
>
> *I think I overdid it, I'm sure I've just ruined my career and reputation. But somebody had to say it.*
>
> *….I've got to stand up and tell my people that we all have to go through this* [layoffs] *because the business is in trouble. Then they go and do this. And it's money, dollars, not an options exercise…I can't go ahead and keep talking to the staff with a straight face."*

Some time later, Scott told the monthly gathering of the firm's business unit HR managers how his attempts to have the usual annual bonus (a sum of $500) paid to the firm's employees was overturned by the CEO and his senior executive team:

> "*It was much less than they [the employees] were expecting, but it was* something. *It would have cost about $7 million all up. Nothing.*
>
> *But the [executive team] members, on their outrageous salaries, sat there and overturned it. They even said $500 won't mean anything to anybody. They've got no f***ing idea what it's like for most people that work here."*

Following this attempt by Rob Scott to hold the senior executives to account, Paul Roberts, the Corporate HR Department head, was able to take further action. At a team meeting he declared; "*Of course! ... I'll tell them I've got all the data on their bonuses over the last few*

months. I've got it all and I'm more than willing to use it!" Roberts used his knowledge of this undeclared pay-out to negotiate with senior executives to amend front-line and middle managers' performance criteria to incorporate employee-centred elements.

During this time, the affective responses of the three HR managers became increasingly negative; this was evident through physical and verbal expressions of anger, frustration or despair. Fieldnotes from this period contain observations of staff members appearing "shocked", "disappointed", or "despondent", alongside non-verbal indicators such as prolonged sighing, burying their heads in their hands, stooping and abandoning their previously confident demeanours. The 'stress ball' on Paul Roberts' desk was regularly and vigorously attacked. These responses reflected their reactions to the labour management strategies of the CEO, reactions that were not trivial, viz., "*it makes me sick*" (Episode 3). As Louise McDonald put it after struggling with the implications of the first downsizing exercise, "*I've been having my own f***ing values crisis right here*".

The violence of the aforementioned metaphors used by the HR managers to describe the actions of the "*head-kicker*" chief executive were also revealing; namely "*slash, rape, pillage*", "*murder...scorched earth*", "*screwing people*" and the description of their own role "*mopping up the blood*". The language used provided insights into the HR managers' own meaning-making, as they focused on the harm inflicted on the 'victims' of the firm's labour cost-cutting decisions. Collectively, the HR managers struggled to assign alternative meanings to Bourke's actions, seeing the assault on labour costs as "*frightening*", the actions of a "*cowboy*" who had "*no ... idea what it's like for most people that work here*"; one who lacked empathy, and who failed to acknowledge a duty of care towards the firm's employees. Coupled with the HR managers' use of normative assessments — such as "*sleazy grubby*" consultants, and "*this was just wrong*"— they provide a strong indication of the evaluative position taken by the HR managers towards the CEO's actions.

The emotional responses shown here signalled the kind of moral distress associated with the "*values crisis*" the HR managers felt they were experiencing. Moreover, the outward signs of distress on the part of the managers could be seen as indicative of an inner conflict relating to the challenge to their professional (and moral) identity and their notion of what HR professionals should do.

The above accounts demonstrate that the HR managers in this study did not unquestioningly accept the downsizing strategies of the CEO, or the market logics underlying his attempts to appease funds managers and institutional investors and potentially increase the firm's share price. By identifying with, and drawing on, their sense of stewardship ("*somebody had to say it*") along with the alternative logics of professional HR practice, they were able to exercise some resistance to these

emergent conditions and mitigate at least some of the harm inflicted on employees. Through their actions in confronting senior executives, manipulating redundancy figures, and making sure the layoff process ensured employees were treated as ends in themselves, they were able to engage with and counter some of the contextual tendencies which they faced. This did not come without risk; as we have seen, Rob Scott admitted, "*I'm sure I've just ruined my career and reputation*".

There are of course, more radical forms of agency and resistance that these managers might have undertaken. They were not able to overturn the contextual changes and strategic decisions to which they were subject, for example by reversing the decisions to lay off staff or pay large bonuses to senior executives. The question of whether the HR managers in this account were 'genuinely' exercising moral agency in these three episodes might be also be raised. The aim of this paper is, however, to examine whether HR managers can find space for moral agency and choose to act, and to theorise the conditions under which moral agency can be enacted. Hence it is the *meaning* that HR agents attach to their actions, their vocabulary of motives, that is of interest here, rather than a researchers' normative evaluation of their behaviour.

Having said that, it is worth noting the 'ethical irony' in Paul Roberts' decision not to follow the institutionalised 'rules of the game' set by the CEO, but instead "*fiddle the books*" and disguise the actual number of employees laid off. Such an act would be considered dishonest, and hence 'unethical', if strict deontological standards were to be applied[7]. In this case, however, the actions of HRMs led to arguably 'ethical' ends — at least for "thick" moral agents with *particular* responsibilities towards employees (Manning, 1994), that is, the saving of scores of jobs in the firm. Of course, this was bounded resistance, *within* the system constraints; the CEO was still able to claim "decisive action" and appease the markets and fund managers.

Discussion: Constraining Structures and Enabling Mechanisms

In this case study we have seen how the actual context experienced by the Corporate HR protagonists shifted to one that supported and enabled institutional logics and values centred on cost-cutting and the instrumental use of employees for short-term, market-based ends. The organizational context experienced by the HR managers had structural causal foundations that came to exclude human-centred norms and logics and constrain moral decision making. The nature of these constraining structures and the enabling mechanisms through which the HR managers were able to respond to them will now be considered.

Constraining structures

The 'external' structures or institutional features of Anglo-American market capitalism acted as causal influences on the experiences of the HR managers, via the downsizing exercise that eroded their perceived commitments to employees, and the executive pay rises that illuminated, for them, the arbitrariness of executive power (cf. Clegg, 2010). The HR managers did not deal with the structures *per se*, but with the structural elements (or emergent properties) manifest in a particular time and place (Archer 2003, pp. 130-133). In this case the context was not simply a deterministic 'driver', forever reified, but rather was a reflection of a series of time-bounded events and experiences that supported and enabled a particular set of actions. The unfolding history of the experienced context became the tangible structure through which the HR managers had to navigate. The dominant logics of action, with their associated values and systems of meaning, were centred on cost-cutting and the conflicts between these logics and associated values gave rise to moral distress on the part of the Corporate HR managers, as we have seen. Importantly, though, while this structural context constrained the agency of the human resource managers it did not *completely* erode their potential for agency. As Clegg (2010, p.7) has put it, "structural reproduction is not always a foregone conclusion". The HR managers did not choose to fully 'adapt' to the institutional constraints in the sense of changing their values or definitions of who they were or what they did.

Mechanisms enabling moral agency

In the case study presented here, the agency of the HR managers was enabled by three interconnecting mechanisms*: i) self- identification* with institutional logics and norms of what they saw as 'professional' human resource management, including the valuing of employees as people (which functioned as alternatives to the commodifying logics of shareholder value and capitalist markets); *ii) reflective relational spaces* where the HR managers could critique and respond to their unfolding context (and its institutional features); *iii) the collective and mutual reinforcing of their professional norms and duties within those relational spaces*, which provided the managers with potential for moral agency. Each of these mechanisms will be considered in turn.

First, by identifying with the logics and norms of professionalism and 'professional' human resource management the three HR managers were able to tap into an alternative source of moral standards and identity that provided them with a sense of accountability to and for others – for "most people that work here". In MacIntyre's terms, this would constitute an internal good[8].

In the eyes of these managers, HR professionals did not unquestioningly give precedence to the short-term gains desired by CEOs over their overarching duties towards those employees affected by arbitrary management decisions. Weaver (2006, p360) has observed that organizational actors who are "psychologically buffered from their organization might have stronger potential to resist the

inroads of organizationally defined amoral identities on their pre-existing, extraorganizationally defined moral identities." As time progressed, the HR protagonists came to define themselves increasingly in opposition to the cost-cutting "thugs" of the senior executive team and the "head-kicker" CEO. These exercises in self-categorization and social comparison would have been central to the HR managers' construction of a robust social identity (Hogg and Abrams, 1988), and may have provided the kind of buffering of which Weaver speaks.

The second contributor to the HR managers' sense of agency came from the "relational spaces" (Kellogg, 2009) provided to them through their regular meetings amongst themselves and with other HR colleagues in the firm. Relational spaces are physical or virtual spaces, where actors holding counterpoint positions to those dominant can interact and mobilise. These spaces, Kellogg argues (pp. 663-664), need to provide an environment whereby a sense of "oppositional" efficacy, oppositional identity (or in-group/ out-group self-categorization) and oppositional cognitive frames can be developed in isolation from those whom they oppose. Relational spaces need to also provide avenues for interaction and for the inclusion of those who question prevailing routines and viewpoints.

In the case study presented here, the afternoon meetings of the three corporate HR managers, as well as the more formal meetings with like-minded HR managers working in the firms' business units, functioned as effective relational spaces. They provided isolation, opportunities for candid interaction, and inclusion of those who shared the HR managers' interpretation of the context, as well as opportunities for developing shared meaning. Part of the success of relational spaces is linked to the development of relational identities, and as we have seen in the case of the HR managers, they were able to construct a sense of collective identity amongst themselves that set them apart from the "cowboy" managers. There are similarities here with the "pockets of psychological space" that Weaver (2006, p. 360) argues are necessary for the maintenance of moral identity. The idea of relational spaces extends Weaver's theorization by accounting for the ways in which these spaces are actively and purposively used by organisational actors.

The third mechanism at play is related to the second. The HR managers in this study were able to use the relational spaces they had created to build a *collective understanding* of the norms and expectations of HR managers within the firm. These expectations ran counter to the idea that human resource management entailed the unquestioning support of senior executive logics and associated strategies. The managers recognized the competing nature of the cost-cutting, market driven logic and what they saw as professional logics, as we saw earlier when one of the managers observed they were

"*driven by market opportunism, takeovers*", and people were only important "*when the CEO turns up and says, 'We're gonna sack you in a month'*".

These interactions constituted precisely the kinds of milieus that MacIntyre argues are necessary for moral agency. Furthermore, the emotional reactions of the HR managers described earlier could be seen as indicative of the inner conflict relating to the challenge to their professional identity and their notion of what HR professionals should do, and their reaction against pressures to compartmentalize their personal and professional roles from their role as 'business partners'. This inner tension is to be expected; as MacIntyre has observed, being a moral agent entails "living or acting ….in a state of tension or even conflict between socially embodied points of view or modes of practice" (MacIntyre, 1999, p. 318).

Conclusions

This brief case study has demonstrated that, while social structures can have the effect of proscribing or prescribing behaviour, they do not determine action, in the sense of directing actors in the parts they must play. By creating relational spaces for raising critical questions and promoting professional norms and logics, the HR managers in this case were able to "focus on processes" (Woodall and Winstanley, 2000) and find ways in which to exercise their moral agency. As the HR agents-in-focus developed a reflexive awareness of the shifting contextual ground in their own firm, they sought out ways of mitigating the negative impacts of senior executive decisions on the firm's employees. They made ethical choices in some form, within the constraints of the hostile context they faced.

MacIntyre posed the question of whether there are social structures that prevent those inhabiting them from understanding themselves as moral agents. The pervasive and increasingly dominant structures of contemporary global capitalism – the institutionalized norms, logics and standards of market institutions — provide a robust 'test' of whether system constraints, and the associated compartmentalization, serve as generative mechanisms that prevent moral agency in human resource management practice. There is no doubt that the compartmentalization of roles endemic in contemporary business life makes critical reflection difficult. Whether HR managers choose to exercise moral agency of course remains questionable, but it is incorrect to assume that they *cannot*? They are not necessarily held captive to norms and ideals that preclude critical questioning of their context. In practice, they balance a complex set of values, norms and logics in making their decisions and taking action. In this organization at least, the HR managers were able to find some, albeit limited, space for exercising moral agency.

All of this points to a role for professional associations and educators in providing human resource managers with the necessary milieus for disentangling their positioned practices, and critically reflecting on the logics, norms and role-standards that constitute their action-contexts. Human resource management education should hence provide human resource professionals with the means to recognise moral issues, assess practices against diverse standards and norms, and re-frame issues as necessary. Managers need exposure to a critical pedagogy that embeds ethical practice at its core and encourages the exercise of moral agency.

We can conclude that a capacity for moral agency remains a possibility in business life, if managers are able to create for themselves relational spaces that allow for critical reflection and conversation. This can occur if managers are able to engage in the questioning of taken-for-granted logics and norms, and reflect on the impact of their practices on those affected by management and business activity — be they employees, communities or marginalized groups.

The analysis presented here does not claim to be the last word in theorising the mechanisms underpinning moral agency. Rather, it aims to contribute to the ongoing conversation initiated by MacIntyre and continued by Beadle and Moore (2006), Weaver (2006), Dobson (2009) and others. It is through continuing dialogue on the moral agency of not only human resource managers, but all managers, that we can work towards a better understanding of the potential for ethical management practices.

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[1] Extract from fieldnotes.

[2] This paper does not take up MacIntyre's broader questions of virtuous practice and the pursuit of internal goods in business (see MacIntyre, 2000). These questions, while important, have been covered elsewhere (for example, Moore and Beadle, 2006).

[3] The idea of 'institution' used here is that of sociological institutional theory, where institutions are 'social structures that have attained a high degree of resilience' (Scott, 2001, .p48). MacIntyre's use of the term 'institution' refers to a specific type of societal form that is concerned with external goods such as material wealth, power, and other forms of individual and organizational competitive 'success' (MacIntyre, 2000; see also Moore and Beadle, 2006).

[4] Bhaskar's idea of critical realism also ties in MacIntyre's conviction that 'facts' should not be seen as 'independent entities which stand in lordly judgment over mere theories' (Achtemeier 1994 p 359).

[5] Dobson (2009) has challenged this assumption, but he relies on the selective use of secondary sources.

[6] Pseudonyms used in all cases, although each actor's gender was preserved.

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[7] Roberts' use of the term "fiddling the books" amplifies this irony, given that this expression is usually employed to describe dishonest accounting practices aimed at for example, evading tax or enabling fraud. In the case of accounting dishonesty, both ends and means are clearly unethical.

[8] The extent to which other institutional systems of meaning were drawn on in the managers' own private musings could not be examined. The three HR protagonists all had elements of their background which may have provided additional roles and sources of identity. Rob Scott, for example, had a background in the public service and had come from a proud family of senior civil servants who had made substantial contributions to state policies. Paul Roberts had converted to Catholicism shortly before the fieldwork commenced (Roberts' colleagues had, in jest, posted picture of the Pope on his office wall, which he did not remove). Louise McDonald had also worked in the public sector and in an industrial role in a trade union. We can but surmise that these "continuities of each individual's histor[ies]" (MacIntyre, 1999, p. 315) played a part in their understanding of themselves as moral agents.