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Ethics in competency models: A framework towards developing ethical behaviour in organisations

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Abstract   Competency models describe desired behaviours, skills, and attributes to facilitate organisational goals' achievement. The primary focus of a competency model is to align individual behaviours to organisationally expected behaviours. Given that employees' ethical behaviour has become the sine qua non for organisations, it is surprising to see the absence of ethical competency in organisations' competency models. Based on two separate studies with the heads of HR in Indian and South-East Asian organisations, the present study identified three core reasons for the absence of ethics in competency models (i.e., ideation, conceptualisation, and implementation challenges). Also, the study proposes a framework for fostering ethical behaviour amongst employees. Implications of the research for theory and practice are discussed.
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Introduction

The widespread evidence of corruption and malfeasance has made ethics one of the important prerequisites for sustainable business (Berger & Herstein, 2014; Chan & Ananthram, 2020). In this regard, Giacalone (2007, p. 536) argued that it was "ethical incompetence and not intellectual incompetence that ruined many companies rocked by scandal". Accordingly, employees' ethical standards and competency are considered important issues confronting business and society (Ibrahim & Angelidis, 2009). As an ounce of prevention is worth a pound of cure, there is a "dire need of employees with high ethical competence" (Pohling, Bzdok, Eigenstetter, Stumpf, & Strobel, 2016, p. 450). As a result, there is an increased drive for ethical competency among the employees (see Jurkiewicz & Giacalone, 2016). The antecedents of ethical decisions are often multidimensional and complex, with conflicting stances arising either due to the individual (bad apples), moral issue (bad cases) or the organisational climate, culture, and environment (bad barrel) or a combination of the above (Kish-Gephart, Harrison, & Treviño, 2010). Studies indicate that organisations' codes of conduct, by themselves, have no detectable impact on unethical choices (Kish-Gephart et al., 2010). However, a properly enforced code of conduct shapes behaviour and influences organisations' ethical choices. Models measuring competencies such as ethical competence seem to be

essential enablers in this regard. In this context, a competency framework that includes ethical behaviour as a competency could further reinforce and resolve ethical dilemmas and guide individuals on desired behaviours beyond the individuals' core morals.

The written descriptions of desired competencies intended to facilitate organisational growth are termed competency models (Redmond, 2013). These models represent a continuum along which individuals are placed, with the low end indicating incompetence and the high end indicating superior competence (Hayton & Kelley, 2006). Unfortunately, research towards measuring ethical competence (Harshman & Harshman, 2008) and developing frameworks to foster ethical competence (Kavathatzopoulos, 2003) is, at best, scant. Frameworks are important as organisational realities are never in a steady state. Frameworks provide meaning to the processes by highlighting the combination of events and dynamics on which the events are based (Bidart, Longo, & Mendez, 2013).

The absence of the practices to assess ethical competence as a critical competence raises two fundamental questions. One, why do organisations not have any measures of ethical competence in their competency models? Second, in the absence of ethics in a given competency model, how do organisations ensure their employees' ethical behaviour? These questions are important as most research in the ethical domain has been criticised for being prescriptive and steered away from addressing ethical performance and measurement (Cardy & Selvarajan, 2006). The present study addresses the above questions in the following two sections: The first section addresses the first question, while the second section proposes a process framework that describes how organisations foster ethical behaviour among their employees. As "human conduct is perpetually in the process of becoming", an understanding of the process is recommended to capture the dynamics of reality (Pettigrew, 1997, p. 338). A process is a sequence of events (Pettigrew, 1997), and the configuration of relatively stable activities characterises each sequence. Frameworks capture the sequence of actions and thus provide meaning to the process (Bidart et al., 2013).

Unethical behaviour and ethical competency

Unethical behaviour is any behaviour that violates widely accepted (societal) moral norms. It differs from workplace deviance (violation of workplace norms, for instance, working slowly and gossiping) and illegal behaviour (lying to customers), but there could be overlapping dimensions of both, which emerge as unethical behaviour at the workplace. Unethical behaviour among individuals may arise from individual characteristics such as low cognitive moral development, locus of control, job satisfaction, Machiavellianism, and demographic variables. Individuals pass through Rest's (1986) four-stage ethical decision-making model, leading to moral intention and ending with moral action or behaviour. An unethical intention is defined as 'the expression of one's willingness or commitment to engage in unethical behaviour' (Kish-Gephart et al., 2010, p. 2). Since the primary focus of competency frameworks is to align individuals' behaviours to organisationally expected behaviours

(Sanchez & Levine, 2009), the inclusion of ethical behaviour as a competency could serve as a guiding post between unethical intention and workplace deviance.

Competency modelling is a focal point of all aspects of human resource management (HRM) systems. It allows for the horizontal integration of HR activities such as selection, performance and rewards management, training, career development, and the vertical integration with organisation strategy, values, business processes, and performance outcomes (Soderquist, Papalexandris, Ioannou, & Prastacos, 2010). Literature in strategic human resource management (SHRM) draws on the resource-based view (RBV: Barney, 1991) to argue in favour of competency models (Lado & Wilson, 1994). Investment in HRM systems, which enhance organisation-specific capabilities, can contribute towards developing this rare, inimitable, and value-creating RBV advantage (Ngo, Jiang, & Loi, 2014). The RBV considers competencies to be valuable resources that are beneficial for both the employees and the organisation (Van der Heijde & Van der Heijden, 2006). A fundamental premise of SHRM is that HR systems, practices, and policies have to be congruent with business strategy. This alignment helps build the dynamic capabilities required to adapt to environmental challenges, thus improving effectiveness and overall performance (Ngo et al., 2014). Hence, competency-based human resource systems are argued to enable organisations to achieve their long-term goals and support in translating strategy to operational terms (Kaplan & Norton, 2005). Given its importance, studies have documented different competencies required for various professions and roles (Spencer & Spencer, 1993). Since ethical organisations are important for long-term sustainability, incorporating ethical competency into organisational competency frameworks becomes critical.

In a broad sense, an individual's competence is the observable and measurable knowledge, skills, and abilities that explain his/her job performance (Soderquist et al., 2010). In other words, competency is the integration of performance and capability (Campbell & Wiernik, 2015). According to Shippmann (2010), competency modelling is relevant for the specification and assessment of management performance; hence, it is an important area of practice in HRM. Competency frameworks practice serves as the foundation for many HRD activities that organisations use to generate required standards of behaviours for each job and align with the organisation's mission, vision, and values (Morales-Sánchez & Cabello-Medina, 2013; Stevens, 2013). Competency models enable organisations to aggregate the desired resources such as knowledge, skills, attitude, values, and behaviour as core competencies for organisational benefits (Barney & Wright, 1998; Hayton & Kelley, 2006), thereby helping to drive the desired coherence and consistency by defining the "how" of effective performance. These models help increase individual and organisation performance through explicit behaviourally anchored descriptions of performance (Redmond, 2013). Thus, the deployment of competency frameworks helps organisations gain a competitive advantage (Soderquist et al., 2010).

Research on competency management argues that competencies can be acquired only with effort and through experience "through education and training, sharing experience with others while learning by doing" (Hayton & Kelley,

2006, p. 412). Gaps in competencies are often followed up with training interventions. Morales-Sánchez and Cabello-Medina (2015) argued that organisational moral competencies need to be developed and nurtured over time and cannot be easily achieved. As these cannot be bought, in-house development through a systematic approach is recommended and practiced.

Competency-based HRM focuses on "how" objectives are met rather than on what is accomplished (Audenaert, Vanderstraeten, Buyens, & Desmidt, 2014). They help enable a long-term organisational fit with evolving business conditions and support the translation of strategy into operational terms (Kaplan & Norton, 2005). However, competency modelling has suffered from considerable conceptual confusion related to defining competencies at multiple analysis and specificity levels (Stevens, 2013). The confusion arises mainly from dimensions of the form (what is it?), the function (what does it do?), and appropriate use (how should it be effectively used) of competency frameworks (Stevens, 2013, p. 9). Research on HRM and ethics has primarily focused on the application of the various ethical frameworks to the various policies and practices of HRM (de Gama, McKenna, & Peticca-Harris, 2012). HR functions and processes balance a concern for employees and add value to the business. While organisations in a society "inevitably accept the need to coerce people into what is believed to be moral conduct" (de Gama et al., 2012, p. 105) and thus become the arbiters of what is morally acceptable behaviour and what is done. Without governing moral guidelines and rules of behaviour, humans and organisations may be worse off. This is where ethical behaviour in organisation competency models can serve to provide the requisite moral guidelines.

Kavathatzopoulos (2003, p. 44) introduced the concept of "ethical competence" and defined it as a combination of "personal ability to think and act in a way . . . . not constrained by moral fixations or automatic reactions" when confronted by a moral problem. Ethical competency has also been defined through six basic characteristics of "conscious decisions and actions within a responsibility situation, an obligation to one's own moral principle, acting responsibly considering the legal standards, economic, ecological, and social consequences, required normative knowledge and willingness to defend derived behavioural options" (Pohling et al., 2016, p. 469). While inspecting several organisations' competency models, Sanchez and Levine (2009) noticed a greater focus on functional competencies. Scholars also argued that while functional competencies are necessary, without the aid of other important competencies such as ethics the organisation's sustainability might be perilous (Litz, 1996, p. 1360). Ethical behaviour as a competency is not explicitly mentioned in most organisational competency frameworks. Research has identified critical leadership competencies in multiple ways. Lawson and Limbrick (1996) identified leadership competencies such as intuitiveness, flexibility, and opportunism; Ulrich and Smallwood (2004) included accountability, innovation, talent; and Townsend and Carns (2003) asked for a global perspective, synergistic learning, and cross-cultural sensitivity. Cant (2004) defined "cultural consciousness" and "global mindset" as critical competencies; emotional intelligence is required for leaders to be perceived as authentic and credible. Brownell (2006)

stated that "character, trustworthiness, and integrity are some of the most powerful leadership concepts in a decade plagued by ethical misconduct and self-indulgence". In their study of critical leadership competencies, Esser, Kahrens, Mousughi, and Eomois (2018) stated that five categories of competencies are essential for leadership success: analytical, communicational, organisational, personal, and professional competencies. Within these, nurturing ethical behaviour and integrity (defined as committing to corporate values and demonstrating integrity across diverse groups) were considered organisational competencies. However, Esser et al. (2018) could not find ethical behaviour and integrity as important competencies in the final basket of female leaders' desirable competencies.

In the literature encompassing global leadership competency models, only a few researchers have called out dimensions of ethical behaviour (Kim & McLean, 2015). For instance, Chin, Gu, and Tubbs (2001) mentioned the "universal value" of honesty and integrity as a leadership competency. Morrison (2001) highlighted "ethical integrity" and McCall and Hollenbeck (2002) mentioned "honesty and integrity" as desired competencies, but in both cases, the researchers classified these as attitudes of leaders. Among multiple leadership characteristics, behaviours, and abilities under competencies, Harshman and Harshman (2008) stated that 67 competencies in 8-factor groups define leadership behaviours. While integrity and trust are commonly -listed as the desired leadership behaviour, "interestingly, ethics and values do not appear in the list" (Harshman & Harshman, 2008, p. 182). Having said that, a study of multiple organisations' competency models shows integrity mentioned as a core value but differentiates this from the required competencies for managerial excellence.

In the present study, we have interchangeably used ethical competency and competence. There are different conceptualisations of ethical competence. Table 1 presents a comprehensive list of various conceptualisations of ethical competence.

The inclusion of ethical competence in an organisation's competency model would help employees change past habits and norms, practically evaluate the current situation, and assess decision choices' implications. Since ethics can help in long-term success (Duh, Belak, & Milfelner, 2010) and competency models help align employee behaviour to organisation strategy (Redmond, 2013), the inclusion of ethical competency in organisational competency models is favoured in the literature. For example, Sekerka (2009, p. 94) argued that "an emphasis on ethical competency development will help employees exercise ethics as an active 'practice' rather than seeing ethics as a form of forced compliance". Similarly, Segon and Booth (2015, p. 796) commented that "without a direct appeal to ethical competency, any ethical behaviour would be a matter of intuition – this would be akin to a form of moral luck". However, studies on competency models indicate a glaring absence of ethical competence as a critical competence, a lacuna in competency models, which is also reinforced by other studies (Sanchez & Levine, 2009).

All organisations claim to espouse ethical behaviour and values in their workforce. The common practice in competency frameworks is to mirror espoused values. Given that the competency framework of most organisations seems to

Table 1 Ethical competence.

Sl. no.	Author	Key insights
1.	Pohling et al. (2016)	Ethical competence is defined as (1) conscious decisions and actions within a given (2) responsibility situation. It implies (3) to feel obliged to one's moral principles and (4) to act responsibly taking into account legal standards as well as economical, ecological, and social consequences. Ethical competence (5) requires normative knowledge and (6) the willingness to defend derived behavioural options against occurring resistance.
2.	Verma et al. (2016)	While the creation of a code of ethics is considered a positive move towards creating an ethical climate, this does not guarantee that employees would be familiar with the same or practice the desired code of conduct.
3.	Kulju et al. (2016)	Ethical competence is not distinct from other competencies but is a generic competence guiding the others. Ethical competence implicitly is a part of all the dimensions of competence.
4.	Kim and McLean (2015)	Competency has been defined to include traits, motives, personality, personal character, values, attitudes, behaviour, skills, and knowledge. It is the 'underlying characteristic' of a leader that results in criterion-referenced effective and/or superior performance. The global leadership competency model has been classified within three levels: trait/motive, attitudes, and knowledge/skills. Of the literature encompassing global leadership competency models, only a few researchers have listed dimensions of ethical behaviour (e.g., Chin et al., 2001 mentioned 'universal value' of honesty and integrity; Morrison (2001) specifies ethical integrity, and McCall and Hollenbeck (2002) identify honesty and integrity, in both cases, the researchers classified these under attitudes.
5.	Steinbauer, Renn, Taylor, and Njoroge (2014)	Leaders influence ethical decisions and actions through social learning, communicating the importance of ethical standards, and using performance management systems, make employees accountable for their conduct. The ethical climate mediates the relationship between ethical leadership and follower misconduct.
6.	Morales-Sánchez and Cabello-Medina (2013)	Ethical competence refers to the set of knowledge, skills, and abilities that facilitate ethical behaviour. Ethical competence is very close to the concept of moral virtue.
7.	Patino-Gonzalez (2009)	Ethical competency is (1) The ability to reflect on, analyse and evaluate ethical issues related to the person, professional behaviour, and the environment. (2) Show respect for people and their environment (3) Know about and be sensitive toward social, economic, and political realities. (4) Act with civic spirit and responsibility to improve the quality of life in the community.
8.	Brownell (2006)	The author defines competencies as the specific descriptions of the behaviours and personal characteristics required to be effective on the job. Character is defined as an essential distinctive competency wherein personal qualities such as fairness, humility, and concern for the greater good. Integrity and character are essential leadership competencies.
9.	Kavathatzopoulos (2003)	Ethical competence is the set of personal and organisational capabilities as follows: - A high level of awareness on the part of a person to readily be able to apprehend ethical situations, anticipate ethical conflicts before they arise, and recognise them once they are in effect. - An ability to treat ethical conflicts in the best possible way for all parties concerned, knowing how to think, analyse actual cases, make decisions, and solve moral problems. - The ability to support and sustain ethical processes in the organisation.

(continued)

Table 1 (*Continued*)

Sl. no.	Author	Key insights
		- The ability to express oneself clearly and in a convincing manner be able to argue, motivate, and defend one's decisions. - Self-confidence and willingness to execute difficult decisions.
10.	Alldredge and Nilan (2000)	'Ethics and Integrity' was classified as a fundamental leadership competency. Customised models of leadership competency are required to meet the differentiated set of capabilities leaders need to work effectively in an era of increasing competition, rapid technological change, increased pressure for speed, and the organisation demands of succession planning.
11.	Blancero, Boroski, and Dyer (1996)	Core competencies included personal integrity, defined as ethics, standards of quality, and good judgment and are applicable across all roles. Ethics was defined as 'possesses fidelity to fundamental values' (respect for the individual, the responsibility of purpose and to constituencies, honesty, reliability, fairness, integrity, and respect for property). Competencies are the knowledge, skills, abilities, and other attributes required to perform desired future behaviours (Blancero et al., 1996, p. 387).
12.	Abbott (1988)	Ethical competency is at the heart of the mission of the profession.

miss ethical behaviour as a desired competency in their employees, the genesis of the research questions hinges on this apparent duality of espoused value and translation into practical HR frameworks and tools. The present study attempts to understand why ethical competence is missing from the competency models of organisations. Recognised as a potential powerhouse, we find multiple contradictory influences of culture, spirituality, corruption, cronyism and the like, influencing the ethical behaviours within organisations in India (Ananthram & Chan, 2016) and South-East Asia. Multiple governmental and institutional bodies have tried to influence organisations' ethical behaviour through regulatory and normative isomorphism (Chan & Ananthram, 2020). However, poor corporate governance, ineffective diligence, and weak regulatory systems require organisational norms mandating employees' demonstration of ethical behaviour. There are knowledge gaps in how HRM frameworks facilitate and encourage ethical decision-making.

Methods

Our study is concerned with exploring the use of competency models to shape ethical behaviour. Thus, a context-sensitive form of interpretive inquiry is considered suitable where practitioners may have different experiences and be unaware of the subtleties of others' experiences (Van Manen, 2016). There are knowledge gaps in how ethical decision-making is facilitated and encouraged through HRM frameworks (Ananthram & Chan, 2016). Given the nature of our research question, we adopted an explorative-qualitative empirical approach (involving in-depth and focus group interviews) for this study. HR practitioners are the agents for implanting competency models and can influence employee alignment with competency models (Redmond, 2013).

Hence, HR respondents are the appropriate audience to reflect on their own organisation competency models and the selection or absence of a particular competency, if deemed critical. Phenomenology, retrospectively, also allows for the development of awareness and the reflection of experiences of the HR practitioners. Past studies have used the interview approach to capture ethics in organisations. For example, Weber and Wasieleski (2013) used the interview approach to capture the perspectives of organisations towards ethics. We followed the above method to assess the views of the HR heads on competency models, the role of ethics in organisations, ethical competency models (and their absence), and practices followed in their organisations to develop their employees' ethical competencies. We interviewed HR professionals for two reasons. One, HR professionals are responsible for ensuring ethical behaviour by designing appropriate HR practices (Guerci et al., 2015). Two, competency modelling is "an integral part of the HR strategy execution process . . . encompassing HR practices" (Sanchez & Levine, 2009, p. 59). HR professionals are "best positioned to apply competency-based approaches to create healthy, high performing organisations" (Brownell, 2006, p. 329) and can help "inculcate an ethical climate necessary to combat unethical behaviour" (Chan & Ananthram, 2020, p. 247). As HR practices influence ethical behaviour (Guerci et al., 2015), there is a need to identify the practices that define the conditions for fostering ethical behaviour in organisations (Harshman & Harshman, 2008). Thus, HR professionals are the key informants (Kumar, Stern, & Anderson, 1993) who can provide useful insights and minimise response errors.

The informants' credibility was established by capturing the overall evaluations of responsibilities and knowledge of the focal organisations' practices. All the organisations belong to the service industry (i.e., IT/ITeS, FMCG, Retail,

Table 2 Profile of the respondents.

Respondent	Experience (in years)	Current designation	Profile (role)	Company profile[†]
Respondent 1	24	Vice President and CHRO	24 years of industry experience across varied sectors – petroleum, FMCG, financial services, IT product, and now IT services. Worked in different roles such as HR strategy, organisational design and change, talent management, and leadership coaching.	Global IT services and consulting company with 13,000 employees across the world and 8,300 employees in India.
Respondent 2	17	Vice President (HR)	Worked with various companies and currently working in IT services company specialising in semi-conduct design services and mobility software.	The second-largest VLSI design company in the world, the organisation offers design services with expertise in providing digital, analogue, wireless software, and system design. It has 1,200 employees in the United States and South-East Asia.
Respondent 3	23	Employee Development Leader	Currently working in talent solutions supporting both the Indian and Asian regions. Worked in various public sectors, manufacturing, engineering, pharmacy, and software. Worked in plant operations to performance management compensation and talent acquisition.	Diversified technology company recognised as a global innovation leader. Has a market capitalisation of INR 74 billion in India, 2,000 employees in India, and 60,000 plus employees worldwide.
Respondent 4	30	General Manager (HR)	Worked in organisational transformation, organisation development, balanced scorecard, and capacity building. Specialiation in competency mapping and competency development, coaching and strategy development.	INR 23,000 billion turnover Indian Public Sector Company having 12,000 employees, more than 11,000 outlets, 5,000 offices.
Respondent 5	15	CHRO	Heading the HR for a leading MNC Insurance company. Worked in FMCG companies, and multinational banking –finance organisations.	Joint venture between the world's sixth-largest insurance group (26% stake) and Indian Company (74% stake). The CHRO is responsible for 3,000 employees in India.
Respondent 6	25	Chief Talent Officer	Worked in leadership development, talent management, succession planning, talent acquisition, executive coaching, and worked in most of the aspects of HR.	Diversified MNC conglomerate with revenues of over $75 billion (2104) and over 24,000 employees across the globe. Regional headquarters in Hong Kong, with a large presence in China and India.
Respondent 7	22	VP and CHRO, APAC	Heading the HR for the telecom infrastructure company. Had worked with multiple FMCG and IT services companies, has got exposure in application software development to product development organisation.	A 12-year-old Hong Kong-based organisation, it is a leading independent owner and provider of world-class passive telecom infrastructure with over 3,000 employees. The company provides end-to-end telecom services for large and complex projects.
Respondent 8	15	Associate Director (HR)	Has worked in leadership & development, wellness program, and HR	A 3-year-old IT services company based out of Bangalore,

(*continued*)

Table 2 (*Continued*)

Respondent	Experience (in years)	Current designation	Profile (role)	Company profile†
			shared services, sales, and worked in different sectors such as FMCG, Finances, IT, and consulting.	with operations around the world. Its revenues in 2013 were $28.1 million and it has close to 80 customers across the globe and 1,500 employees.
Respondent 9	9	Head (HR) for APAC	Worked in FMCG, IT firm, and now with a leading sports brand. Has got experience in the engagement side, talent acquisition, management, organisational development, compensation benefit, and advisory role in terms of senior leadership development.	One of the world's leading sports brands, designing, developing, selling, and marketing footwear, apparel, and accessories. It has more than 10,000 employees globally and is headquartered in Germany and APAC regional headquarters in Hong Kong.
Respondent 10	25+	VP (HR) for APAC Business	Has worked in business management, in safety and then in general management, has worked with multiple countries in many retail organisations. He is currently working as an HR head for 1,200 employees and a business unit with gross revenue of $3.5 billion.	Global retail leader in branded lifestyle apparel including jeanswear, outdoor products, image apparel, sportswear, and contemporary apparel brands. It has over $12 billion turnover and nearly 55,000 employees worldwide.
Respondent 11	27	Managing Director (HR) (HR Head India and South Asia)	Heading the HR in the current organisation, earlier worked with IT majors, started his career in the Indian Army.	A global management consulting, technology services, and outsourcing company with over 305,000 employees worldwide and net revenues of $30 billion for 2014.
Respondent 12	25	Executive Vice President (HR)	Worked with multiple FMCG companies and finally with telecom companies, heading HR for India and South Asia. Currently heading the HR for the largest brewing company in India.	Market leader in India in the brewing industry with over 60% market share. It has over 31 manufacturing units and 9,000 employees in India.
Respondent 13	20	Global Head, Talent Acquisition, Mobility & Development	Currently heading talent acquisition and learning and development, previously HR leader at Accenture and earlier to that with a banking firm.	An Indian global IT services company providing services (software consulting, enterprise transformation, remote infrastructure management, engineering and R&D services, and business process outsourcing); over $5.3 billion revenue (2014) and 95,000 employees across the globe.
Respondent 14	18	Director (HR)	Extensive experience in the service industry, working with the current organisation from the past 8 years, taking care of HR business partners for the operations part, engineering, and flight operations. Prior experience in ITeS industry.	The organisation is the fastest-growing budget airline company in India. With a 33% market share and $1.8 billion revenues in 2014, it has over 8,300 employees.
Respondent 15	29	Director (HR)	Currently heading the HR for an ITeS services company, experienced in talent planning, talent acquisition, retention, and development.	Fully owned subsidiary in the ITeS sector of a globally known Indian IT services companies, the organisation employees

(*continued*)

Table 2 (*Continued*)

Respondent	Experience (in years)	Current designation	Profile (role)	Company profile[†]
				29,000 people and had a revenue of INR 327 billion in 2014.
Respondent 16	28	EVP* and Head (HR)	Currently HR head of leading Alco-bev organisation, previously worked in many MNC's in different industries.	The organisation is the largest alcoholic beverage company in the world by volume, with $2.2 billion in 2013. It has a leading market share (over 91 manufacturing units) in India.
Respondent 17	15	General Manager (HR)	Currently working in implementation of a leading HRIS system for India and Sri Lanka, closely involved with devising strategy in terms of compensation benefit for India operation.	Diversified technology company recognised as a global innovation leader.
Respondent 18	29	Director (HR)	Work experience in IT industry, with inventory equity fund, currently working as HR head of a health care organisation, experienced in system development, audit, operation management, profit & loss.	The organisation is the world's largest suppliers of eye health products, including contact lenses, lens care products, medicines, and implants for eye diseases. It has a global turnover of over $8 billion revenue (2014).
Respondent 19	19	Vice President (HR), Asia South	Work experience in leading home appliances organisation. Prior experience with large fashion retail business and in a pharmaceutical industry handling OD and training function globally.	Leading global consumer and white goods manufacturing organisation. In India, it has 9,000 employees and close to INR 800 billion market capitalisation and INR 63 billion revenue (2014).
Respondent 20	18	Director (HR)	Heads the HR for India operations of a leading global jeans wear and apparel company. Extensive experience in organisation design and business partnership.	A global retail and a leading global jeans wear and apparel company, it has revenues of $4.7 billion (2014) and over 16,000 employees worldwide.
Respondent 21	22	Director (HR)	22 years of experience in HR in manufacturing industries.	Indian company engaged in low voltage switchgear manufacturing and sales. It has over 3,500 employees with a group turnover of INR 100 billion.

Note:
*CHRO: Chief Human Resource Officer; EVP: Executive Vice President;
[†]: Company profile as of 2016.

Telecom, Healthcare, and Consumer Durables). The organisations differed widely in size, age, and life stages across emerging economies of South-East Asia. A total of 21 respondents participated in the first study (16 males and 5 females, age range 35-58 years; for details, see Table 2). Theoretical saturation was followed to terminate further data collection (Glaser & Strauss, 1967).

Since the study pertained to the HR systems which facilitated ethical decision-making, there was potential for social desirability bias in the responses. The phenomenon of social desirability is more prevalent in collectivistic societies such as India (Ananthram & Chan, 2016). To reduce social desirability bias, we adopted a few strategies. Clear communication ensured that participation in the study was voluntary. The executives' anonymity and their organisation identities were kept anonymous to prevent pressure to respond in a socially desirable manner. All respondents were apprised of the broad direction of the study. The use of experts confirmed the relevance and sensitivity of the questions. One of the authors, who had no power relationship with any

respondent, conducted all the interviews.. As in earlier studies (Ananthram & Chan, 2016), these measures gave us confidence that social desirability bias had been reduced.

A priori permission to audio record and transcribe the interviews were taken after assuring the respondents that no personal or organisational identities would be revealed. On average, the interviews lasted for an hour. Also, data regarding the organisations were collected from company websites and annual reports. The interview protocol is provided in Appendix 1. Depending on the interviewee's answers, some interview questions were skipped, and the order of questions was changed across research participants. Many probing questions were asked to explore the topics in-depth while allowing the interviewee to lead the conversation (De Vos, Hauw, & Willemse, 2015). Also, interviewees were encouraged to make additional comments if they felt it a necessity.

Data analysis

The interviews were transcribed verbatim, and the transcription consisted of 1,11,966 words. Two researchers analysed the statements to identify underlying dimensions and aggregated the categories based on emerging similarities in theoretical dimensions. We assigned statements from the transcripts conveying the same meaning to the same code (examples of code are 'the importance of ethics' or 'practices in building an ethical culture'). The researchers worked independently to develop their own clusters and representative statements, and to complete the coding. While analysing the data, we sought the help of literature (Weber & Wasieleski, 2013), expert advice, and used our judgment to explicate theoretical dimensions. The coding list was then exchanged amongst the researchers, the rationale for coding was explained and debated, and the next iteration of cluster/coding was developed. We also collected and examined expert reviews for all the categories to ensure (1) that researcher biases are minimised in our analysis and (2) the emergence of theoretical dimensions from the data. An abridged version of the findings is provided in the following section. Based on the constant comparison of data and theory, throughout the data collection and analysis process (Pratt, Rockmann, & Kaufmann, 2006), a framework emerged indicating how organisations foster ethical competence among their employees.

Findings

All the respondents agreed that being ethical in their business is imperative. Since social desirability may have triggered this response, the focus of the study was to plug the gap between espoused and demonstrated values reflected in the organisational competency framework. The respondents provided interesting insights into ethical competencies. Based on the analysis, we found three broad challenges that hinder the assessment of ethical competency in organisations (for details, see Appendix 2). The three reasons are ideation challenge, conceptual challenge, and implementation challenges. These challenges are described in the following section.

Ideation challenges

About 28% of the respondents believe that a competency model is for measuring functional/technical skills. Some argued that ethics is not competence but a basic hygiene expectation; hence, they questioned the need to explicitly highlight ethical competence. This is further reflected in the comments of some of our respondents given below:

> The competency dictionary is functionally defined, and differentiating competencies are put in the competency framework. Baseline competencies are core, and we don't call out ethical behaviour in this – it is implied in the code of conduct and expectations. It is woven into the fabric of the organisation. Values are different from competencies. (R8)

> Ethics is a baseline thing and a core and minimum criteria. Either you have it, or you don't, sort of hygiene factor, without which the organisation cannot survive. (R20)

Some respondents commented that competency models were intended to highlight differentiated abilities in functional skills and behaviours and not for ethics, which is a core and fundamental value requirement.

> If you look for tea leaves in coffee beans, you won't find them. Functional and behavioural competencies are skills, not values. Values are espoused in boardrooms, codes of conduct, and the living saga in action; when values get lived, demonstrated, and acted, they have the best recall. (R16)

The findings resonate with the views of the ethicist Kidder (as cited in Johnson, 2001, p. 235), who argued that "As we practice resolving [ethical] dilemmas, we find ethics to be less a goal than a pathway, less a destination than a trip, less an inoculation than a process". Respondents opined that ethics are a basic expectancy; hence, the idea of ethics and competence model do not go hand in hand. Stevens (2013), in their study of the science and practice of competency modelling, states that a meta-competence aspect emerges that facilitates the acquisition of other substantive competencies in the conceptualisation of competencies. The responses here suggest that social competence may subsume behaviours and attitudes, including values of integrity, trust, and ethical competence.

Conceptualisation challenges

About 43% of the respondents illustrated that ethical dilemmas are contextual and are not always clear as black or white. Being context-dependent, they are subject to interpretation and hence very difficult to conceptualise. The same behaviour may be ethical or unethical, depending on the situation. Given the contextual embeddedness of the concept, it is challenging to create a model to guide employee ethical behaviour. Unless one is clear about what is ethical and what is not ethical, measuring ethical behaviour is complicated. The following comment reiterates this:

When you talk about ethics, it is not always in black and white. In some cases, there are shades of grey because there will be interpretations in certain cases . . . it is hard to say that, in everything, there is black and white. (R1)

Respondents were undecided over the scope of the concept of ethics. According to the respondents, some ethical dimensions are relatively more important than other dimensions in their organisations. However, including a select list in the competence model might communicate explicitly to the members that some ethical dimensions are more important as compared to other ethical dimensions. So, what to include in the broad conceptualisation of ethics is a challenge.

Ethics is a vast term, but specific competencies are common and aligned with the business vision and goals. In the performance reviews, we have defined and captured some dimensions of ethical competencies, such as integrity and honesty. However, we wonder, is it sufficient?(R9)

For an organisation like ours, where we walk the values, integrity, and profits through principles is DNA coded. . . . maybe it's time for us to have a decent plumb line, a shared understanding of what would be acceptable and not acceptable ethical behaviour at the workplace. However, it will be interesting to see how we can measure it. (R20)

I don't think it is possible to clearly delineate what ethical behaviour in my organisation is.(R16)

From the above statements, it is inferred that the problematic conceptualisation of ethical behaviourremains a challenge in organisations. The reasons reported by the respondents were 1) the context-dependence of ethical conduct and 2) delineating its scope. The difficulty in defining and measuring ethical behaviour in an acceptable manner has been highlighted in the literature. Harshman and Harshman (2008), in their study of the classification system of competencies, found the inclusion of "integrity and trust" in competency models. Still, interestingly, ethics and values do not appear on that list. Studies argued that critical components of competency assessments are lost with the absence of ethical behaviour dimensions in the competency model (Hagan & Konopaske, 2006). Scholars also agree that ethical competence still lacks a comprehensive definition covering at least some aspects of ethical expertise, ethical knowledge, and actions of professionals (e.g., Kulju, Stolt, Suhonen, & Leino-Kilpi, 2016).

Implementation challenges

Almost 33% of the respondents reported that tools to measure ethical competencies are either missing or not robust enough to use on a large scale.

We don't do any assessment as that will go to the intent, not to the action necessarily. It also needs to be doable for such a large population.(R3)

As I understand, tools capture intent. Intent and behaviour are two different things. Also, I think it is hard to define intent (in cases of unethical behaviour).(R1)

It's very subjective. Dimensions of ethical behaviour are difficult to measure explicitly – maybe we are not so evolved...(R12)

For 28% of respondents, the perceived value of institutionalising assessments needs to be validated. The challenge of measuring competency is also echoed in prior research on competency modelling. "The sufficiency of skills reflects a 'permission-to-play' level for the jobs since below that level, the employee would not be considered suitable for the job" (Soderquist et al., 2010, p. 330). Respondents stated that defining an acceptable baseline within the measure would be a challenge.

... not in favour of tests (for ethical behaviour); are you going to do the test every year? If it is dipping beyond a percentage, what are you going to do?(R3)

We would be willing to look at some assessment (of ethical behaviour) if it establishes and demonstrates value to the business.(R2)

As highlighted by the respondents, the challenges in implementing ethical competency measures were as follows: Capturing ethical behaviour versus intent and deciding the baseline level for ethical competence. Given the absence of ethical competency measures in organisations and the lack of ethics in their competency dictionary, we inquired what organisations do to develop ethical competence among their employees. According to some respondents, they could foster employee ethical behaviour through proper HR systems and practices. According to respondent 12,

... we have not faced any significant ethical challenges due to robust systems/checks in place.(R12)

We enquired with the respondents to understand the processes they follow. Based on the analysis of data in this regard, we propose a framework to explain the organisations' process to ensure ethical behaviour among their employees.

Framework towards developing ethical competence

As ethical competence is an important concern but mostly missing in organisational competency frameworks, we were interested in understanding how organisations foster employees' ethical behaviour. Studies also agree that ethical competencies, like character or culture, develop over time (Brownell, 2006). We found that organisations are using multi-pronged approaches to ensure that employees behave ethically. The following section discusses how organisations foster ethical behaviour.

Stated values of the organisation

About 57% of the respondents mentioned that the organisations' stated values contribute to creating the organisation's reputation as credible and trustworthy. Thus, it helps in attracting the right talent and the smooth functioning of the organisation. This is evident from the following comments of the respondents:

> Stated values signal to the applicant pool about the organisation.(R11)

> Unethical practices will tarnish the reputation of the company. It's a question of the company's reputation and doing what is right – there are no grey areas there.(R3)

> Stated values help attract the right people to the organisation and thus facilitate the recruitment and selection process. This also reinforces the message to its employees to be ethical, thus preventing unethical behaviour. Hence, stated values help to foster ethical behaviour by influencing applicant attraction and providing the guard-rails for desirable behaviour in the organisation.

Background verification

To ensure that people joining them have a good ethical orientation, organisations do a complete background verification of their incumbents (such as verification of educational credentials, Check on the details provided about previous employment such as last-drawn compensation, designation, responsibilities and duration of employment). All the respondents highlighted the importance of background verification systems. A common practice across industries was to use background verification agencies to perform the verification checks. Additionally, some industries referenced industry-specific databases to validate applicants' credentials when they were from the same industry.

> I think it's more about your past reference check, in (our) industry, we have a body, . . . we have a database, ... if you are terminated from any company (it)gets listed there. So, if you are terminated, we wouldn't even look at you; we do that check before we make an offer. Three years back, it wasn't there. In my last two years, I've seen many people wake up to that fear.(R5)

Assessment for screening and selection interviews

Organisations use multiple selection practices to ensure applicants' ethical competency. For example, overt integrity tests and personality-oriented measures are commonly used (Mumford, Connelly, Helton, Strange, & Osburn, 2001; Sackett, Burris, & Callahan, 1989; Wanek, 1999). However, these tests suffer from the following limitations: The overt integrity tests (inquiring directly about undesirable behaviours on the job) measure both attitudes and admissions of illegal and dishonest behaviours (Wanek, 1999). These measures are likely to be perceived as offensive to applicants (Sackett et al., 1989). The personality-oriented tests are

often called "veiled-purpose, covert or personality-based integrity tests" (Wanek, 1999, p. 184). Additionally, studies have found a strong correlation between these tests and various social desirability measures (Sackett et al., 1989), raising questions on their validity in capturing ethical competence. Moreover, these tests on existing employees present significant challenges. Since the chances of erroneous prediction about an individual may be relatively high, if employees "fail" to score a "minimum threshold", it would be difficult to take any action (Sackett et al., 1989, p. 522).

About 43% of the HR professionals reported that their organisations invested in training the selection panel on appropriate interviewing methods, including assessing critical competencies for the applicants' role, values, and beliefs. Sometimes, as part of the interview process, the candidates were given a scenario on ethical issues and asked to decide. This is like the situational judgment tests used for assessing integrity (Becker, 2005). The objective was to create an entry barrier for people willing to compromise on ethical values.. One of the respondents made the following comment in this regard:

> We use the lens of our ethical policy to check fit while interviewing. We check for applicants' orientation on gender sensitivity, respecting team members, others at the workplace, etc.(R1)

There are also significant legal issues related to the use of integrity tests and polygraph tests, with laws being proposed to prohibit these as pre-employment screening tools. Organisations may use the tests if they are not the primary basis for employment decisions (Sackett et al., 1989).

Robust orientation programme

About 42% of the respondents stated that their organisations adopt a rigorous new employee induction schedule, which included orientation on values, ways of doing business, and clearly defining acceptable and non-acceptable behaviours. A common practice cited was getting new employees to sign a comprehensive code of business conduct. This is aptly covered in the quotes below:

> Specifically, with the company's fast growth rate, we have been getting people from different backgrounds, cultures, companies, educational institutions, and different parts of the country. So, at the outset, it is very important to tell them what is accepted and what is not accepted in the organisation . . . and that is the starting point of ethical behaviour. Setting the right expectation at the start when employees come into the organisation...(R11)

> (We have a) pretty robust orientation package involving our code of conduct handbook and signing of worldwide code of conduct. During the induction process, we talk about organisation ethical values and integrity, and employees are walked through how we work and run the business. There are overt and implied requirements to stay compliant.(R20)

This practice has been reported in the literature that organisations look to mould employee's behaviour to conform to desired behaviours through rigid, scripted rules or extensive experiential training (Seymour & Sandiford, 2005). In some cases, in the absence of specific training, individuals internalise rules through informal socialisation.

Right environment

Even though organisations claim not to prefer people with doubtful ethical backgrounds, around 62% of the HR professionals agreed that organisational practices matter a lot regarding employees' ethical behaviour. According to one respondent,

> Primarily nurture and environment shape individual behaviour. If individuals learn that they need to be ethical, they will be ethical. Nobody comes intending to cheat. If they have the right environment, they will grow in the right way. We provide platforms to challenge/raise questions. Creating the right culture can create a Valmiki from a dacoit.[1] (R4)

It seems that apart from the individual's value systems, organisations facilitate ethical behaviour through robust internal systems and processes. From the interview analysis, we found five critical elements that help build an environment, which facilitates ethical behaviour among the employees. These elements include communication, role modelling, fear of punishment, enabling mechanisms, and leadership.

Communication

About 72% of the respondents highlighted the importance of communication to ensure people internalise ethics. Methods commonly adopted in this regard included a publicised code of business conduct handbook, posters communicating acceptable and not-acceptable behaviours, and leaders reinforcing this message in their town hall communications.

> To ensure people are ethical, there is constant communication sharing what is acceptable (and not), consistently 'dry comb' the message (so that) it is not the flavour of the season. You continuously keep hammering down, give constant attention, have very high expectations from people, and they rise to it.(R6)

However, the respondents converged on the idea of ethical practices. Some reported that "walking the talk" is more important than talking. They focused on building a culture that fosters ethical behaviours. There is similar evidence in the existing literature. For instance, when employees believe that their organisations have strong ethical values, they are more likely to engage in ethical behaviour (Valentine & Barnett, 2002).

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[1] According to a famous Indian epic 'The Ramayana', Valmiki was a dacoit who transformed into a great sage.

Role modelling

About 24% of the HR professionals in the study explicitly acknowledged the importance of public appreciation in fostering ethical behaviour. This is highlighted in the following statements:

> We have certain things called role model behaviours, where employees express the behavioural qualities they have nominated as role models, and these are the behaviours we reward consistently.(R11)

> It could be a simple reward as . . . that person or that group of people sending a thank you card to the person, or could be a much more complex annual reward, where the person gets on the stage with his/her family and gets recognised. There is no monetary incentive nor linked to promotion as well.(R9)

Studies have argued that a leader's verbal articulation, role modelling of desired behaviours, and reinforcement of preferred behaviours create a conducive context for the employees to behave ethically (Nishii & Paluch, 2018).

Deterrents for unethical behaviour

About 71% of the HR professionals in the study were unanimous in their views that their organisations dealt severely with employees who were caught behaving in an unethical manner. Some organisations chose to do a "public hanging" (i.e., widely sharing details of unethical behaviour and subsequent consequences) to reinforce the severity of non-adherence to expected ethical behaviours. Many others quietly exit the individual, believing that the termination was sufficient punishment and public humiliation was not required.

> .... if you touch the red-hot stove, you will get burnt. People found with unethical practices are usually terminated, irrespective of the individuals' levels, criticality, or performance. Sometimes, organisations, in an attempt to sensitise the employees make a public example (without disclosing identity) of unacceptable behaviours.(R16)

> Sometimes high-performance individuals get downgraded due to the ethics dimension not being acceptable. Promotions may be hampered, slowed down, and may also be asked to exit in some cases.(R6)

When employees are aware of the deterrents, they might anticipate the negative consequences of their unethical behaviour and attempt to avoid it. The literature on "shame" argued that it acts as an "emotional moral barometer" that prevents individuals from practicing unethical behaviour in an organisation (Tangney, Stuewig, & Mashek, 2007, p. 347). Our finding adds to the literature by highlighting punishment as a tool to prevent unethical behaviour in the organisation.

Enabling mechanisms

Whistleblowing, defined as "the disclosure by organisations members (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to persons or organisations that may be able to effect action" (Kaptein, 2011, p. 515), is a popular practice to develop ethical behaviour within organisations. Employees' motivations to resort to whistleblowing are morality, emotion, and cost-benefit (Park & Lewis, 2019). Financial rewards and compensation structures also influence whistleblowing decisions (Rose, Brink, & Norman, 2018). External whistleblowing may result in public embarrassment, scrutiny, fines, and litigation and tends to drive organisational compliance and strengthen corporate governance. Internal whistleblowing depends largely on the organisation's ethical culture, clarity in values, norms, and principles. The transparency, discuss ability (the extent to which ethical issues, and dilemmas can be internally discussed), congruency of local and senior management, and supportability (the extent to which the organisation stimulates identification with the ethics among employees), and sanction ability (the belief that unethical behaviour will be punished or rewarded) influence internal whistleblowing (Kaptein, 2011). Studies indicate that whistleblowers often face retaliation (Rose et al., 2018) and are targeted for dismissal (Bac, 2009). Ethical leadership, organisational control, and norms influence employees' attitudes towards unethical behaviour and indirectly affect their intent to whistleblow through organisational controls (Ma & Manaois, 2020).

About 76% of the HR professionals in the study agreed that their organisations have created enabling mechanisms for quick and fair redressal of grievances and established processes to ensure the organisation's prevalence of ethical climate. For example, robust mechanisms to identify and facilitate ethical practice at the individual and group levels foster a belief in ethical practices. Also, the respondents stated that cases of unethical behaviour were reported through the whistleblower line. The following comments confirm the existence of such initiatives in several sample organisations:

> Regular communication and town halls are important, and ombudsman, hotline, quick redressal systems that are acted upon promptly and fairly . . . all of these are equally important to ensure the processes are fair. There needs to be a continuing emphasis on walking the talk by building faith in the process, the governance, and the discipline of enabling systems.(R15)

> Define the code of conduct; build monitoring audits; have a democratic process for resolution; Build a 'scaffolding and safety nets' for people to feel safe to speak up. It is like going to a frat party – the frat exercises the dominant behaviour to conform.(R16)

Leadership

Leadership was the most frequently used term in all the interviewees' conversations and emerged as one of the critical factors in fostering ethical orientation. Leadership involvement and support are the key differentiators in organisations building an ethical climate (Ananthram & Chan, 2016; Chan & Ananthram, 2020; Redmond, 2013; Weber & Wasieleski, 2013). Leadership behaviour most strongly influenced the emphasis on the different approaches mentioned earlier and the relevant systems and processes.

Leadership was interpreted differently by different respondents. Some respondents talked about the top leader (the CEO), while some referred to the senior management team. A few respondents talked about a leader as any manager handling a group of subordinates. A leader was argued to have a primary responsibility via "walking the talk, enabling functions, putting processes and controls in place, and reiterating and communicating at all forums". The comments below confirm these factors.

> The CEO embodies and personifies the values. When the CEO repeatedly reinforces that we want people to behave, and he behaves like that, he defines the baseline behaviour.(R4)

> Leadership action speaks the loudest . . . they have the most significant impact. It starts from the top-the leadership team . . . the set of 10-12, 15 leaders at the top. If people see the leaders walking the talk, all HR policies, ethics, values, value workshops . . . .they come alive. Behaviours like a demonstration of respect (for individuals, time) are established from the top and boundaries of what is negotiable/non-negotiable get defined.(R6)

> While both personal and organisational values are important in shaping ethical behaviour, the pendulum swings towards the organisation's influence and the organisation's top management and promoters.(R8)

These descriptions indicate that leaders' behaviours and actions communicate to the employees the boundary of acceptable ethical behaviours in the organisation (Chan & Ananthram, 2020).

Based on these responses, it is clear that organisations build robust systems and processes to ensure people behave ethically. The present study identified key activities that organisations follow to develop ethical competence among their employees. We have developed a framework that can foster ethical context and, thus, ethical behaviour among the employees, based on this analysis (see Figure 1).

Study 2

We conducted a second study to arrive at a framework for fostering ethical behaviour among employees. We invited eight individuals (five industry experts and three faculty members working in ethics and HRM) to participate in a focus group discussion (FGD). The five industry experts were from diverse companies such as IT product development, microfinance, public companies, and IT/ITeS. The age range of the respondents was 38-56 years. The tenure of the respondents in the HR functions ranged from 16 to 35 years. Their profiles ranged from head HR to senior director (HR). The three faculty members were from one of India's prestigious management institution with an HR and ethics
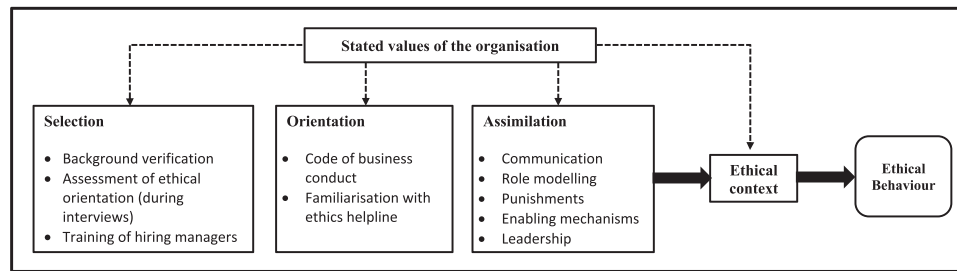
Figure 1   Framework for fostering ethical behaviour (based on study 1).

specialisation. Their tenure ranged from 8 to 32 years. We also referred to existing literature while developing the framework.

We shared the findings of study 1 with each participant and asked them to add or delete the activities they feel were not relevant in fostering ethical behaviour. Second, we requested them to sequence the activities individually. Once they completed the task, we requested them to discuss each activity's importance to foster ethical behaviour among employees that emerged from the focus group's findings. The participants moved back and forth between the data and the framework. The key themes that were most discussed were leadership, process improvement, and organisational activities.

Leadership

Studies argue that ethical competence encompasses "e morality of duty and obligation to avoid negative behaviours and the morality of aspiration and positive or praiseworthy behaviours" (Neubert, Wu, & Roberts, 2013). Ethical leadership positively influences normative commitment and extra-role compliance through a prevention focus and voice behaviour, and affective commitment through promotion focus (Neubert, Wu, & Roberts, 2013). All the participants agreed that leadership provides the force to act in the desired manner. In other words, leaders can increase or decrease each of these activities' effectiveness and impact the alignment among them. The participants highlighted that not only internal fit but the external fit is also critical. As a result, we positioned leadership as a link between the organisations' stated values and organisational activities. This is consistent with the existing literature (Ananthram & Chan, 2016; Redmond, 2013; Weber & Wasieleski, 2013). For example, Grant (2012, p. 458) suggested that leaders need to "articulate a vision that focuses on employees' attention on their contributions". In our first framework for fostering ethical behaviour, leadership was included as a sub-activity in the assimilation activity. However, in the focus group discussion, the members argued that leaders (directly and indirectly) impact their employees' behaviours across activities. Ethical practices by a leader influence employees' behaviour and provide them with clarity and comprehensiveness about ethics in the organisation. The literature of strategic HRM is based on the premise that HR systems, practices, and policies have to be congruent with business strategy. The congruence

helps build the competencies required to adapt to environmental challenges, thus improving effectiveness and overall performance (Huselid, Jackson, & Schuler, 1997). The present study extends this argument by placing leadership as a critical driving force for congruence, especially in fostering an organisation's ethical context.

Process improvement

The practices in organisations are dynamic, and each experience feeds into the other; feedback thus helps the practices to evolve with time. This theme was debated in the focus group discussion. Some members highlighted the recursive nature of the process. For example, one member cited Pettigrew (1997) to describe the working definition of the process: A sequence of activities that unfolds over time and context. The argument was based on the following logic: Individuals learn from their past experiences. Since human behaviour is dynamic, the framework to foster ethical behaviour needs to be dynamic. With changing time and context, the framework needs to have the mechanism to improve its ability to foster ethical behaviour. Owing to the conceptual vagueness and context-embeddedness of ethics, the framework to foster ethical competence, it was argued, would need to have the ability to adapt. . The feedback loop is one powerful mechanism to align the activities towards ethical behaviour. Pettigrew (1997) suggested a process vocabulary (such as becoming, emerging, developing, and transforming) rather than a vocabulary of static states. Owing to the process focus of a framework, we linked all the activities through a feedback loop.

Organisational theorists argue for behavioural and outcome control to manage workforce behaviour (Bamberger & Fiegenbaum, 1996). Therefore, behavioural control is demonstrated through the means-ends relationships between an organisation and its employees. For instance, studies on ethics highlighted "habitus", a dynamic and contingent phenomenon internalised over time (O'Mahoney, 2007, p. 481). Thus, organisational ethical context can be regarded as a "complex system comprising a blend of mutually reinforcing values that combine distinct managerial attitudes and behaviours in an environment where employees have a clear idea of the way things are done in the organisation and the behaviour expected of them" (Coldwell, Billsberry, Meurs, & Marsh, 2008, p. 616). From this discussion, it seems important to foster ethical context that would help individuals understand the changing precedents by which behaviours and actions are judged, thus facilitating the acceptance of

the organisations' ethical norms (O'Mahoney, 2007, p. 491), thereby creating a new norm. .

Assimilation activities

The focus group members debated about the sub-activities in the assimilation process . The sub-activities that emerged from the discussion were: constant communication, role modelling, deterrents for unethical practices, and mechanisms to enable ethical behaviour among the employees. Our model found indirect support from the situational strength perspective (Judge & Zapata, 2015; Meyer, Dalal, & Hermida, 2010). According to this perspective, when specific behaviours (such as ethical behaviours) cannot be compromised, "strong situations" such as rules and clear guidance help organisations ensure expected behaviour (Meyer et al., 2010). In the work context, strong situations can be embodied by bringing clarity, consistency, putting high constraints and consequences (such as penalties associated with negative outcomes). Based on the discussion, we identified four sub-activities (mentioned above) that may create a strong employee situation. Also, the discussion raised another interesting question. Will employees behave ethically if any sub-activity is neglected in organisational activities? For example, a situation where there is recognition for ethical behaviour but no punishment for unethical behaviour. The above discussions lead to the agreement on the importance of context. For example, according to a focus group member, at some point in time, there is a need to focus more on factors that foster ethical behaviour, but at some other time, it is important to focus on activities that discourage unethical behaviour. So, the sub-activities are not only interconnected but also highly dynamic. The focus group members pointed out that the sub-activities are stable, but the priorities accorded to the activities is dynamic.

Besides a strong demonstration of ethical behaviour by managers at all levels, repeated ethics training with vignettes of ethical/unethical behaviour could be important to constantly reiterate and reinforce ethical behaviour, and signal its importance to the workforce. The rationalist approach to human competency perceives competencies as an attribute-based phenomenon. However, the interpretative approach to human competency at work views competencies as conceptions rather than attributes gained through experience, mindsets, or goals set (Van der Heijde & Van der Heijden, 2006). Thus, competency is developed both through cognition and emotion, wherein orienting the mindsets of employees towards certain goals lead to adaptive or maladaptive behavioural patterns. The development of ethical competency appears to follow the interpretative approach to ethical competency building, as formation of moral sentiments aligns with the constructivist theory, rather than being hard-wired into humans as a form of conscience (O'Mahoney, 2007).

Morales-Sánchez and Cabello-Medina (2015) argued that moral competencies need to be developed and nurtured over time within organisations and cannot be easily achieved, their in-house development through a systematic approach of HRM practices is commonly observed within an organisation.

While ethics training provides a good opportunity for employees to learn about the organisations' ethical expectations and most MNC organisations offer extensive ethics training and education to employees (Srinivasan, 2011) the training outcomes are contentious. It has been argued that ethics training has a minimal impact on employee behaviour as it does not automatically lead to ethical decision-making. These trainings are critiqued as "window dressing" for greater emphasis on compliance with rules rather than moral judgment, which encourages a "dismissive attitude towards ethics training" (Verma, Mohapatra, & Lowstedt, 2016).

However, mimetic and normative isomorphism continues to influence HR practices (Chan & Ananthram, 2020), with continuous training and certification adopted as methods of reiterating the ethical values and culture desired by the organisations.

Based on the above analysis, we modify the initial framework (Figure 1) and propose an amended one in Figure 2.

We reviewed the existing literature to identify the relevant HRM frameworks that were targeted in an ethical context. Studies have argued in favour of multi-pronged HR initiatives (Weber & Wasieleski, 2013) for fostering ethical behaviour. Studies have explained the factors that affect ethical behaviour; however, the existing literature has focused its attention either on standalone factors or a limited list of factors. To a large extent, the literature has missed out on the predictors' interrelationships and the process view that fosters ethical behaviour. The existing literature is also relatively silent in proposing a framework that fosters ethical behaviour among the employees. Frameworks are critical to understanding HR processes. Studies have argued that the absence of any framework often undermines the impact of process studies. (Pye & Pettigrew, 2005).

The proposed framework highlights the interactive and changing nature of organisational practices. According to this, an organisation's stated values help attract the right applicant pool and help the recruitment and selection process factor in ethics. Leaders play a significant role in impacting the employees' belief in the organisation's stated values, thus providing the necessary push for implementing different processes. The practices, when followed, lead to the emergence of ethical context and subsequent ethical behaviour. Employees' ethical behaviour, in turn, reinforces the organisational practices, and consequently, the organisation becomes ethical. Leadership is critical in fostering ethics in organisations as it can influence the processes and their alignment.

Discussion

Questions are raised about management research's practical relevance (Bartunek & Rynes, 2014; Kieser, Nicolai, & Seidl, 2015). Scholars have argued that it is crucial to adopt frameworks to increase the relevance of management research and suggested the need to move from scientific to practical rationality (Sandberg & Tsoukas, 2011). Harshman and Harshman (2008) argued that individual's and organisation's values influence the events' evaluations, leading to
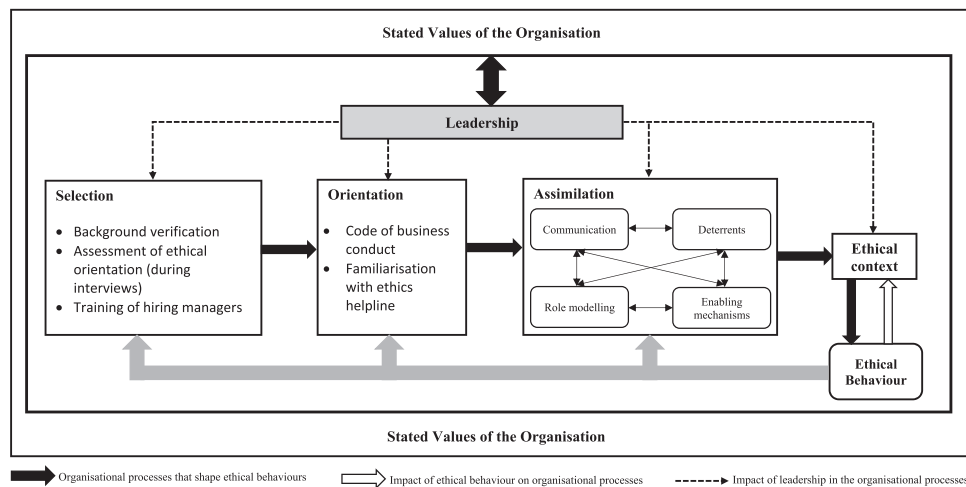
Figure 2   Revised framework for fostering ethical behaviour (based on study 1 and study 2).

subsequent behaviours and actions in their ethical behaviour model. In this framework, competencies mediate the behaviour. This supports our argument that the inclusion of ethical competency in organisations' competency frameworks would help share the appropriate behaviours to build an ethical climate. Surprisingly, the ethical competency model remains missing in the frameworks followed by organisations.

Ensuring ethical behaviour in organisations is a critical issue (Litz, 1996), and there are regular calls for more studies "to shed light on factors that influence ethics within organisations" (Mitchell, Reynolds, & Treviño, 2017, p. 313). Surprisingly, there has been a lack of attention to study the resource-worthiness of ethics in organisations (Manroop, Singh, & Ezzedeen, 2014) and ethics in competency models. Moreover, little is known about how HR facilitates an organisation's ethical practices (Manroop et al., 2014, p. 795). This is despite the call for more research to explore HR activities' relationships to foster an ethical context in organisations (Valentine, 2010, p. 910).

While discussing the framework of practical rationality, Sandberg and Tsoukas (2011) suggested two interrelated points: One, focusing on the relational whole of specific practices, and two, involvement in thematic deliberations. Consistent with the above suggestions, we focused on the organisational practices towards ethical competency in the present study. Based on in-depth interviews of HR heads, the present study explored why ethics is missing in the competency models. Our analysis highlighted three broad challenges: ideation, conceptualisation, and implementation that prevent ethics in competency models. Ethics was viewed by the practitioners as a hygiene factor and hence not a functional and behavioural competency. In addition, the idea that competence is a differentiating factor created challenges for its inclusion.

Research has reported measuring ethical behaviour through situational dilemmas or vignettes, i.e., short hypothetical cases (Cardy & Selvarajan, 2006), self-assessment questionnaires where respondents chose among alternative responses that best represented their feelings or behaviours (Gatewood & Carroll, 1991). Scholars have constructed many useful scales, such as the "Ethical Leadership Behaviour Scale" and the "Ethical Leadership at Work Questionnaire" (Brown, Trevino, & Harrison, 2005; Frisch & Huppenbauer, 2014). While assessment tools to evaluate ethical behaviour have been suggested (Ardichvili et al., 2012), the measurement of ethical behaviour was found to be rare (Kaiser & Hogan, 2010). Additionally, studies have examined the fakability of integrity tests and have constantly found a correlation between these tests with various social desirability scales. Thus, this remains an important issue in the use of these tests (Sackett et al., 1989). Scholars have viewed that organisations' attitude towards assessing competencies is critical for accepting competency assessment practices (Lichtenberg et al., 2007). However, practitioners perceive the difficulty in conceptualising ethics in the work context. Also, implementation challenges such as defining the domain of ethics and articulating yardsticks of ethics measurement in ethical competency assessment hinder its inclusion. The decision to adopt any of these tests is also based on the perceived usefulness to the employer "beyond selection methods already in place" (Wanek, 1999, p. 190). Decisions involve choosing tests with proven validity, reliability, and absence of adverse impact, consistent with the organisation's image, matching the type of applicants being assessed, i.e., valid across all job levels and industries. The use of these tests on existing employees also presents significant challenges. If employees "fail" the test basis certain "minimum threshold", decisions to terminate employment would require "very strong reasonable doubt standard to be met" (Sackett et al., 1989, p. 522), since chances of erroneous prediction about a single individual may be quite high. From the applicant availability perspective, organisations choosing to use integrity tests must be in a position to turn away a large proportion of applicants. Organisations challenged in recruitment "may not find

integrity tests a viable solution" (Sackett et al., 1989, p. 523). While organisations may not explicitly define ethical competency dimensions in their competency models, there seems to be clarity on unacceptable behaviours. Furthermore, the respondents felt that healthy process controls were sufficient to check unethical behaviours.

Our study found that organisations follow a multi-pronged approach to build an ethical context in the workplace. The key processes include selection, orientation, and assimilation processes, where normative and mimetic isomorphism lead to best practice adoption of HR practices (Chan & Ananthram, 2020). The alignment among these processes helps create an ethical context and fosters ethical behaviour in the organisation. The selection process includes background verification, assessing candidates' ethical orientation, and increasing the ethical awareness of the hiring personnel. We find the objective of ethical competency mapping is more towards hygiene factors and hence non-compensatory. Organisations adopt careful recruitment and selection practices to ensure high competencies for desired skills and behaviours (Seymour & Sandiford, 2005). Given the differences in selection practices and context-specific requirements, we argue that the structured behaviour interview method may be adopted over any situational judgment tests for ethical competency.

Our study also indicated that most organisations adopt the practices of clearly defining the acceptable code of conduct and using the ethics helpline through multiple channels. Organisations strive to make their employees internalise ethics in the workplace. The assimilation process included communication, role modelling, deterrence for unethical behaviours, robust mechanisms to enable and encourage ethical behaviours and communication. This clustered approach is justified since attitudes, individual qualities, and personal attributes may be extremely difficult to evaluate during recruitment.

All the study respondents unanimously agree on the importance of leadership behaviour in articulating and reinforcing desired ethical behaviours. This is also echoed in past studies where an organisation's ethical norms are argued to be set by the CEO (Schminke, Ambrose, & Neubamm, 2005). Researchers have shown that the CEO and leadership team significantly influence the organisation's ethical climate (Chan & Ananthram, 2020; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Redmond, 2013; Shin, 2012) and thus the ethical competence of the workforce. Our study has important implications. It explains the challenges in including ethics in competence models. Furthermore, the present study develops a framework that can help organisations in fostering ethics in their workforce.

While the present research has addressed the critical research questions raised at the beginning of the study, more avenues could be explored further. The study has focused on a cross-section of organisations in the service industry to develop a broad understanding of the practices that foster ethical behaviour in organisations. Future studies may explore more HR practices, which may be relevant for specific industries such as manufacturing. During our data collection, the paradoxical stance of espoused ethical ethos

and absence of this as a competency may have put a few respondents on the defensive. Future studies may explore multiple data sources, including industry benchmarks and ratings of ethical organisations, and employee and social media perceptions, to narrow the gap between espoused and practiced ethical values. The practices of multinational organisations within South-East Asia, including India, may be substantially different from those of indigenous organisations. The direct influence of global cultures in building ethical competencies within its employees may differ from the rigour and methods adopted by their native country counterparts. Further research could explore the differences among these organisations.

While the present study, to develop a framework, focused on HR practitioners who in most organisations are the competency models' custodians, leadership's influence in shaping ethical behaviour was noticed in our findings. It may be helpful to seek the leadership team members' perspectives to build a holistic understanding of the development and assessment of ethical competency in Indian organisations.

Conclusion

The present study addressed an essential yet neglected issue: although ethics is important for business organisations, it is missing in the organisations' competency models. Following in-depth interviews of key informants and a subsequent focus group discussion, the present study explored the reasons for the absence of ethics in competency models and the organisational processes to ensure ethical behaviour among the employees. While explaining the organisational processes, our study proposed a framework that can foster an organisation's ethical competence. Our findings argue in favour of bringing the employees back into the equation of HRM to foster ethical competence.

Appendix 1. Broad questions for the semi-structured interview

- Does your organisation use a competency framework and competency assessments?
- Is ethical competency part of the competency framework?
- Why is ethical competency absent from the competency dictionary of your organisation?
- How are the ethical competencies of employees assessed?
- What is the role of HR in building ethical competencies?
- What are the organisation's approaches and mechanisms for dealing with unethical behaviour (please provide some examples)?
- What are the factors that you feel influence ethical behaviour in the workplace, and why?
- How does your organisation ensure that employees behave ethically? What mechanisms are adopted for fostering ethical behaviour?
- What is the role of the CEO and leadership team in building ethical competency?

Appendix 2. Challenges for the inclusion of ethics in the competence models.
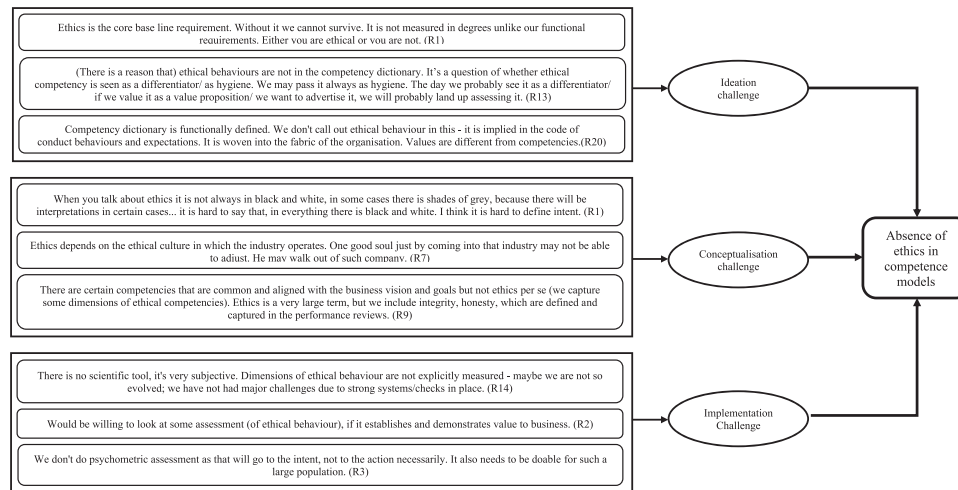
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