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Morality 2: Performance Management and Rewards

Stage 2 of Kohlberg’s seven stage model reflects moral philosophies dedicated towards improving personal life and gaining personal advantage. For HRM this relates to performance management, performance related pay, and reward management dedicated to gaining a personal advantage. This level is concerned with ethical theories such as ‘moral egoism’ with selfishness as its basic principle and placing subjectivity at the centre. Moral egoism is related to the moral philosophy of subjectivism as outlined by David Hume (1711–1776). Subjectivism is linked to ‘intuitionism’ (Brouwer 1951) establishing principles on how to achieve personal advantages and benefits. Hume’s ethics is also linked to two other philosophers, Thomas Hobbes (1588–1679) and Friedrich Wilhelm Nietzsche (1844–1900). While Hobbes locates the self at the centre, Nietzsche was more interested in how the use of others gains advantage over the self. Hence, Nietzsche’s writings drew attention to slave morality, superhuman ideas, the herd mentality, and his work on the moral right of the strong to use the weak for their advantage. To outline HRM’s relationship to moral egoism, selfishness, Hume’s subjectivism and intuitionism, as well as Hobbes’ and Nietzsche’s moral philosophies, this chapter will start with the foremost fundamental ethical idea of selfishness.

At level 2, HRM acts essentially in its own interest. For moral egoists, the key problem of life is not how to be good, how to be happy, and what shall I do. It is: ‘what should be our personal aim in life?’ The answer for moral egoists is an individual ambition to be materially wealthy. But moral egoism also goes a step further arguing that this should be achieved disregarding other people. The maxim is: whatever other people may think and feel is largely irrelevant. Even though I may have reason to accept their advice, this should in no way
challenge my personal quest for seeking material things. It is also no impairment to perform certain actions in so far as I want to.

Moral selfishness has been part of virtue ethics ever since the beginning of Greek philosophy. Being part of moral egoism, being self-centred, fancying self-love (Adam Smith), pathological narcissism, and selfishness is conducted independently of others. The ‘other’ provides no guiding signpost for moral selfishness. Instead, its core is constructed by and around the individual. It is perceived to be strongly independent of all others promoting the satisfaction of one’s own interest. All this makes selfishness and ethical egoism highly attractive to HRM because it relates to rewards, compensation, remuneration, and benefits – the key elements of HRM. Since moral egoists are primarily driven by their own benefits, to get rewarded for an action services their moral intention of ‘getting a good deal for oneself’. It is not the action that is at the centre but the goal (benefit) it serves. Moral egoists are supposed to do whatever they like as long as it serves the purpose of getting a benefit. Whatever furthers their aim at work is good. If this can be achieved through rewards and benefits, then this goal supersedes the concept of doing whatever one likes. It is not ‘do whatever you like’ but ‘do whatever achieves a personal benefit’. An action is carried out because of the expectation of a reward that serves the goal of getting rich.

HRM engineers the handing out of rewards – often through middle- and line-management – to ‘those who make things’ (Aristotle) – employees and workers – because it is the sole decision-maker and reward-giver confining others into a position of reward-receivers. This represents the fundamental structural asymmetry of performance management. In some rare cases, the hand out of rewards to subordinates can diminish an HR manager’s own rewards as prescribed by the ‘zero-sum’ game. In this case, there are strong incentives for HRM to move from monetary rewards (salaries, bonus payments, performance related pay, individual performance-related reward plans, merit pay, pay for performance, base salary, allowances, etc.) toward non-monetary, so-called intrinsic rewards and motivators such as praise, acknowledgment, employee of the month, responsibility, stimulating work, more variety, etc. This is what HRM calls Herzberg’s two-factor theory, i.e. intrinsic vs. extrinsic rewards (Muse & Wadsworth 2012).

The asymmetry of such HRM structures is represented in relatively large rewards for HRM with smaller rewards for non-HRM. This is ethically justified under moral egoism. The hierarchical structure of organisations puts HRM in a favourable position when it comes to rewards.