

دور أنشطة إدارة الموارد البشرية في الحد من الفساد الإداري في المنظمات

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الملخص:

تتجسد هذه الدراسة في التحدي المتمثل في الحد من الفساد الإداري المتفشي في معظم المنظمات العالمية. فإدارة الموارد البشرية يقع عليها العبء والمسؤولية الكبرى في إدارة الجوانب التنظيمية في المنظمة وتحقيق الأهداف المرجوة، وذلك من خلال دعم العاملين لخلق موارد متجددة، وتحسين الأداء الوظيفي، وخلق قيمة اقتصادية مستدامة للمنظمة على المدى البعيد، دون تقليص الرأسمال البشري والاجتماعي. وتقوم هذه الدراسة على التحليل النظري الذي ينصب على التعرف على دور أنشطة إدارة الموارد البشرية في الحد من الفساد الإداري في المنظمات. وقد بينت الدراسة من خلال مراجعة الأدبيات المتعلقة بهذا الشأن أن إدارة الموارد البشرية لديها مجموعة من الأدوار التي من شأنها المساعدة في القضاء على الإجراءات التنظيمية غير الفعالة، التي عادة ما تفتح مجالاً للفساد الإداري داخل المنظمات. كما أكدت الدراسة أن الفساد الإداري منتشر في المنظمات بسبب ضعف الهياكل التنظيمية في المنظمات وعدم فعاليتها، بالإضافة إلى إساءة استخدام الموارد المالية والمادية. وبيّنت الدراسة أن من الأمور الشائعة أن من معظم من يُدفع لهم الرشاوى هم من يحتلون مناصب إدارية عالية في المنظمات؛ عن طريق استخدام السلطة الممنوحة لهم، وأن العاملين في المناصب الإدارية الدنيا هم من يُتهمون عادة بسوء استخدام المصادر المالية. كما أوضحت الدراسة أن على إدارة الموارد البشرية صياغة الإستراتيجيات التنظيمية والأنشطة الخاصة بها؛ بغرض فرض الانضباط الإداري وإدارة العاملين، وتوفير الرعاية لهم بغرض تحسين القدرة على مكافحة الفساد الإداري والحد منه. وعليه؛ فقد أوصت الدراسة أن تعمل إدارة الموارد البشرية على القضاء على الإجراءات والأنظمة غير الفعالة، والعمل على صياغة وتنفيذ الإستراتيجيات والمعايير الأخلاقية المناسبة التي تساعد على مكافحة الفساد الإداري والسلوك غير الأخلاقي داخل المنظمة.

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they discourage the staff from engaging in corrupt deals to acquire wealth (Aswathappa, 2008).

The HRM also ensure that the hiring process is based on acceptable organizational principles and procedures. According to the study, poor recruitment processes and hiring decisions impede performance leading to reduced organizational productivity and profitability (Budhwar and Debrah 2013).

This study which evaluated literature and case studies presented very interesting findings. Based on the study findings, managerial corruption is understood to simply means engaging in dishonest activities by the individuals at the management levels (Bowdin et al. 2012).

The survey revealed that corruption is attributed to greed, pitiable organizational structures, and Poor compensation and absence of HRM anticorruption tools among other causes. According to the study, the HRM has a special role to play to reduce managerial corruption. It can ensure effective hiring and employment policies and procedures are implemented, along with proper employee discipline. It also ensures fair recognition of all staff, which falls under proper Human resource planning. Improving HR activities may involve the adoption of more effective Competency Models to develop HRM, staff training and elimination ineffective procedures among other strategies.

5.2 Recommendations and areas for future study

Even though the study has evaluated the role of HRM in reducing managerial corruption, it calls for additional research and evaluation. There is need to investigate the consequences of HRM activities and the various constraints that hinder the effective execution of HRM functions. The study has generally highlighted on the functions of HRM in organizations how they help eliminate ineffective procedures, which lead to corruption. The future studies may focus on establishing a balanced

approach that ensures effective and adequate quality control mechanisms that can help avoid the possible malpractices. It remains a key challenge for organizations that there is lack of effective policy structures that define how staff can best support the overall organizational strategic objectives (Michie and Sheehan-Quinn, 2001). The studies may be directed to evaluating and establishing the best, comprehensive and consistent strategies to deal with managerial corruption in organizations. A study on the application of integrated competency models and how they can be best implemented to enhance HRM practices is necessary. This will promote a consistent approach to HRM activities and support frameworks that ensure maximum performance standard and expectations.

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4.10 Conclusion

In conclusion, the study revealed interesting findings regarding the role of HRM activities in reducing managerial corruption in organizations. According to the study findings and the case studies, “managerial corruption” describes the “involvement in corruption by the individuals at the management levels”. It is mainly caused by various factors but key among them are greed and weak institutional structures (Remmé *et al.* (2008); Law *et al.* (2004). Managerial corruption negatively affects the development and performance of the organization since it leads to the depletion of organizational assets. It also collapses the bridge to effective performance and raises operational costs due to the overpricing, nepotism and creation of non-existing projects. The HRM has an important role in reducing managerial corruption. Key among them include but are not limited to ensuring proper human resource planning, equal employment opportunities and strengthening systems that eliminate ineffective procedures. Numerous strategies are recommended that the HRM can use to minimize managerial corruption. Essential strategies include the adoption of competency models, staff training and the use of mergers and acquisitions among others (Remmé *et al.* 2008).

5. Conclusions and Recommendations

5.1 Conclusions

The HRM, has a fundamental role and deals with issues that can easily be used to eliminate ineffective organizational procedures. According to the literature, the HRM strategies have been pursued to help minimize the hardships inflicted on the employees and the organization at large. The literature emphasizes the role of HRM in containing the threat of managerial corruption through various strategies. Matters regarding nepotism, the overhauling of staffing systems and embezzlement

of funds are some of the challenges that the HRM has to deal with (Michie and Sheehan-Quinn, 2001; Khan, 2011; Bowdin *et al.*, 2012; Budhwar and Debrah, 2013). Managerial corruption is mainly caused by greed and the ineffective organizational procedures.

One of the key roles of the HRM is to formulate well-established formal mechanism that provides fair employment opportunities, working conditions and affirmative action. Even though the regulations may vary from organization to organization, the HRM functions are centralized and are mainly performed by the high-level agency executives (Tariq, 2006). Considering the information presented by Michie and Sheehan-Quinn (2001), the HRM activities are important in ensuring efficiency and success in the administration and the achievements of organizational objectives. It also helps the organization to employ individuals with the right skills and capabilities and to effectively develop and maintain a high quality work life balance that makes the employment and work in an organization desirable. Through proper HR planning and human resource management the HRM is able to stock the required knowledge regarding the employees and to outline the actions that enhance the stock as investments (Sarbariya and Khita, 2011).

In order to minimize managerial corruption, the HRM ensure proper monetary criteria, well-established quality control measures, and ethical organizational culture. The HRM ensures effectiveness in ensuring monetary terms and cost accounting strategies that are widely adopted and implemented by the organization. The HR department also provides sophisticated measures that help evaluate organization's activities and approach to resource distribution. Effective planning, selection and recruitment, and ensuring commensurate rewards play an important role since

Strengthens systems, ensuring proper Human Resource planning and ensuring equal employment opportunities are some of the most fundamental strategies that are used by the HRM to reduce managerial corruption. The description was found to be much similar to Mellahi *et al.* (2011), who argue that the HRM manages the human resources, and employees' concerns. Eleni, *et al.* (2007), and Sarbariya and Khita (2011), were found to present the same information regarding the HRM, and emphasized that management has significantly evolved to become strategic. It is evident from the case study on The Steel Company Inc that effective human resource management demand for close cooperation between the HR department and the other departments and institutions within the firms (Maghrabi, 2006). This ensures that effective human resource planning is achieved.

Based on the theoretical literature drawn from the various sources, it is clear that weak systems support inappropriate organizational structures, understaffing, and duplication of roles, and protracted institutional infancy and inefficient procedures. Strengthening the systems is an effective way in which the HRM should help minimize managerial corruption. According to Mellahi *et al.* (2011), managerial corruption is most common in the management and recruitment processes. The employees are not yet fully empowered to engage effectively in the fight against it.

4.9 Recommended improvements to reduce managerial corruption

According to the study, numerous strategies could be used by the HRM to help minimize managerial corruption. The study shows that eliminating ineffective procedures and adopting Competency Models are some of the surest ways to eliminate managerial corruption. Other strategies suggested include the Staff Training and the use of

mergers and acquisitions. Primarily, staff training and whistle –blowing procedures at various levels can help call for action when organizational rules are violated.

This helps minimize the intent to indulge in corrupt activities at the management levels (Madhi and Barrientos, 2003). The use of mergers and acquisitions helps create a balance between the teams thinking and complement expertise. Learning that a certain firm has a conviction for corrupt deals influence how the value of the target firm is evaluated. The processes reduce the likelihood of time and resource wastage.

The study conducted by Remmé *et al.* (2008), brings to focus the strategies that can be used by the HRM to deal with managerial corruption. According to Law *et al.* (2004), there are no easy solutions and that the process must begin with education and public information. The HRM should effectively evaluate the organizational structures and procedures. This can help determine if some individuals are placed in positions that make it tempting to others to influence them. The argument is that corruption becomes less likely to occur when the organizational structures are stronger (Remmé *et al.* 2008).

Harry (2007) also argues that a common factor to help diminish managerial corruption is to consider improved transparency. It does not imply that everything should be open but instead the HRM should have good reasons to be discrete regarding certain decisions and information (Maghrabi, 2006). The HRM should consider improved ways to protect the privacy of individuals. Transparency implies that the managers are held accountable by their own organizations and are obligated to ensure that deals are made in a manner transparent to their on firms (Remmé *et al.* 2008).

emphasized by the authors is that embezzlement of organizational funds and assets is mainly caused and facilitated by lack of effective supervision and accounting standards.

4.6 The effect of managerial corruption in the organizational performance

Regarding the effects of managerial corruption, the articles, Stein, *et al.* (2006), Manasa and Reddy (2009), and the above cases studies on Welkowitz, *et al.* (2006), revealed that corruption negatively affects the development and performance of the organization. It is demonstrated that managerial corruption mainly leads to the depletion of organizational assets. The information contained in Oladipo and Abdalkader (2011), and Singh (2004), supported the understanding that corruption involves the ineffective use of organizational resources. Abuse of office for personal gain and misuse of authority and power within the organization may cause severe loss to the organization and the entire community. The case study presented above showed that deliberate, dishonest and intentional conduct intended to deceive for gain have often led to serious loss of funds.

Comparing the findings by Oladipo and Abdalkader (2011), and Kadhim, *et al.* (2012), it can be stated that a myriad of issues relate to managerial corruption and organizational leadership. The authors who noted that managerial corruption impedes organizational processes and principles believe that corruption damages the trust and dignity of the organization. It is understood that the prosperity of the organization damaged because no one wants to associate with institutions that have a poor image (Saudi Arabia, 2012). The Journals by Kadhim, *et al.* (2012) and Khan and Khan (2012), underscore the fact that corruption reduces safety and collapses the bridge to effective performance. Based on the case studies and the two textbooks,

Kadhim, *et al.* (2012), and Khan and Khan (2012), those who believe that managerial corruption increases operational costs, understand that it also includes overpricing, nepotism and creating non-existing projects, which clearly attracts additional administrative costs. The understanding is supported by Said and Al-Buraey (2009), who established that corrupt organizations have insufficient mechanisms to prevent corrupt deals. The deficits lead to increased transactional costs and hinder developments.

4.7 The HRM

Based on the articles Oladipo and Abdalkader (2011), Michie and Sheehan-Quinn (2001), Budhwar and Mellahi (2006), and Khan and Khan (2012), the HRM functions entail planning, staffing, controlling and directing the core managerial functions of the organisation. The article by Noe, *et al.* (2007), particularly clarify that the general roles of the HRM is to help predetermine the personnel programs necessary to achieve organizational objectives. They have to carry out accurate forecasting to ensure success of organizational plans. The articles reveal that the HRM develop the rules and procedures that govern organizational activities and practices at various management and staff levels. The journals presented by Khan and Khan (2012), show that effective creation and maintenance of human resources through compensation, training and policies help eliminate the corruption opportunities and enforce behavioral discipline among the staff.

4.8 The role of HRM activities in reducing managerial corruption

A deeper evaluation of the various articles, Noe, *et al.* (2007), and Eleni, *et al.* (2007), unveiled that the HRM has a significant role to play in order to reduce managerial corruption. Eleni, *et al.* (2007), mainly stated that underscored the HRM

agencies and officials the firm's general council decided to analyze the strengths and efficacy of the firm's anti-corruption program and consulted for an independent advice to an external forensic accounting firm with experience with the anticorruption and ant bribery risk assessments. The move has seen the firm has since succeeded in eliminating corruption risks by using the HR to strengthen the anticorruption internal controls (Loughman and Sibery, 2011).

4.4 Defining "Managerial corruption"

According to the information retrieved from Budhwar and Debrah (2013), "managerial corruption" is understood in different ways. The majority of the articles evaluated revealed that it describes the involvement in corruption by the individuals at the management levels. One particular textbook by Budhwar and Debrah, (2013), revealed that managerial is "administrative" which means people at the management levels.

According to Budhwar and Debrah, (2013), the definition of the word "corruption" is the same in most cases except that it happens at different levels. Budhwar and Debrah (2013), revealed that that managerial corruption in the corporate sector is very rampant and has led to the fall of several institutions. The findings from the case study Budhwar and Debrah (2013), is greatly inline with the descriptions provided by Tariq (2006), who explain that corruption has increased in many parts the world and that bribery and embezzlements have become popular forms of managerial corruption. Tariq (2006), Bowdin *et al.*, (2012), and Burke, *et al.*, (2013), generally agree to the fact that managerial corruption is attributed to dishonest behaviors that destroys people's trust and the fact that corruption mainly involve the use of dishonest tactics that do not reflect the legitimate processes approved by the organization. The study by Kadhim,

et al. (2012), above reveals that bribery corruptly exerts improper pressure to divert funds from accomplishing its intended purpose. The picture presented by Burke, *et al.* (2013), show that corruption is regarded as a major problem in organizations.

4.5 Causes of managerial corruption

The data analysis for the articles Manasa and Reddy (2009), and Stein, *et al.* (2006), confirmed that managerial corruption is caused by a variety of factors.

In the articles Bayerl and Westewald (2006), and Kadhim, *et al.* (2012), it can be concluded that greed and poor organizational structures are the key reasons why people indulge in corrupt deals. A sharp contrast exists between Oladipo and Abdalkader (2011), and Phillips and Gully (2013), in the sense that Oladipo and Abdalkader (2011), emphasize that managerial opportunism comes about due to weaker organizational structures, that enable the leadership to indulge in corrupt deals to acquire wealth and money inappropriately while Phillips and Gully (2013), underscores the fact that corruption is purely out of greed. However, both agree that the vice is detrimental to the organizational welfare (Said and Al-Buraey 2009).

Considering the report produced by, Saudi Arabia (2012), it is clear that, when the managerial incentives to do not seem to satisfy the needs of the staff, they resort to extorting funds and fraudulent procedures in order to achieve monetary objectives with little regard to the impact of their activities. Similarly, Oladipo and Abdalkader (2011), underscore the fact that the lack of transparency is a principal cause of managerial corruption and explains that causes of corruption vary from institution to institution and may include financial strain, low compensation, weak institutions, and poor leadership and patronage. A common idea

The process began by restructuring the top management and recruited younger personnel with advanced qualifications and promoted deserving and qualified individual to higher positions. The senior staff was allocated responsibilities that are more direct while the incompetent staff was shifted to the unimportant positions (Tortajada and Biswas, 2013). Compensations including incentives and bonuses for satisfactory performance were introduced. Penalties were also introduced for poor performance and involvement in corrupt deals. Based on the information presented by PPWSA (2013), the staff strongly resisted the changes from the beginning. The leaders utilized all the available means including the media to resist every effort that was aimed to bring change. The persistent pursuit of the top management as well as the improvements in public trust transformed the scenario. The workers also felt a sense of ownership and were encouraged to become more responsible in all operations (PPWSA, 2013).

The transformations initiated by the HR over the years, dramatically enhanced the performance of the company. The company became more profitable and successfully managed to eliminate corruption. Since 1993, it has continued to cover more areas and its water supply remarkably.

The successfully performance by PPWSA has received tribute and attractive performance rating from several agencies. For example, in 2004, the company was awarded the ADB's water prize. The award was presented to the company upon exemplary project agencies that had sound practices in implementing ADB's "Water for Air" policy. Today, PPWSA enjoys a team of people that are hardworking, self-motivated and responsible. Its professionalized workforce and increased technical capacity together with the improved ethic of discipline form a competent and enviable teamwork.

4.3 Case study 2– The Steel Company Inc

The steel company Inc is an American based firm that specializes in providing steel solutions and construction materials to the commercial and government clients in North America, Eastern Europe and the Far East. The company is based in the US and designs steel solution systems meant for the requirements of its particular objects. The system and construction materials are shipped to the project's location through the network of customs broker and freight forwarders. He firm has regional hubs in the Eastern Europe and the far East that manages the firm's business and operations in the regions and report to the steel company corporate.

In 2007, the firm conducted an internal evaluation of the firm's operations in the country. The investigation established that the company's agents were improperly influencing the high-ranking officials from the national transportation authority in the country. The whistle-blower indicated that the agents had been offering extravagant meals and entertainment to the company officials using the company's funds to win a project for the procurement of the road project materials (Greenbaum and Thakor, 2007). The investigation also revealed numerous gaps in the firm's internal controls regarding the agent and due diligence and approval of expenses.

Due to the gaps and avenues for corruption, through its HRM department, the firm made efforts to formulate strong anticorruption compliance and promote a "no-to-bribery" culture across the international activities. The effort was fronted by a core team comprising the general counsel and the internal audit director (Greenbaum and Thakor, 2007).

Understanding the company's expansion of international operations and the increased corruption risk from the close dealing with foreign governments

procedures led to the enhancement of its performance.

3.2 Limitations of the study

One of the limitations of this research was that it was quite challenging to acquire specific data about the companies considered for the case study evaluation. The documents considered for analysis were also found to present limited information, which was a significant hindrance to the in-depth analysis of the subject. Additionally, the researcher did not have full access to the necessary data relating the case study.

4. Discussion and findings

4.1 Introduction

This section presents a detailed discussion of the study findings from the secondary research. The literature and the case studies considered. The selected literature and case studies were mainly based on HRM activities and its role in reducing managerial corruption in organizations. The researcher also considered that they had widespread knowledge and understanding regarding the matters to do with corruption and suggestions on how the HRM could deal with it.

4.2 Case study 1 – Phnom Penh Water Supply Authority

PPWSA is one of the firms that are committed to sustainable development of water supply services and provision of services that ensure that the people in Cambodian cities and provinces have access to portable water. The company assists other developing countries by supplying their people with portable water (Tortajada and Biswas, 2013). There are about eight regions in Phnom Penh and PPWSA has demarcated them with zonal water meters fixed for each zone.

The firm has been catering to the water needs for over the last 30 years. Over years, PPWSA has developed with the expansion of the city and by

1975; the company was generating more than 150,000 cubic meters per day and supplying water to over 282 square kilometers. From 1975 to 1979, however, due to poor management and political insecurities within the country, the supply system became defunct because many of its production and distribution instruments collapsed and many of the skilled employees lost their jobs.

The system was made operational in 1979 after the improvement in political situation. The company managed to produce more than 65 000 cubic meters per day, which was much more than its original capacity.

Problems intensified when the public constructed illegal connections by installing underground tanks. In 1986, the company of the water utility firm was authorized to bill clients for the water supplied within the network. The company discovered that more than 26000 clients were registered but less than forty percent actually paid for the water bills. The staff was under-qualified, underpaid, unmotivated lacking efficiency and transparency (Tortajada and Biswas, 2013), Corruption was rampant, and nepotism was widely exercised. There was no discipline among the employees and the billing system was corruptly documented and seriously inaccurate (PPWSA, 2013).

In 1993, a long series of transformation began with the company's to administration and human resource management, based on the culture and donor support. The changes led to a impressive turnaround of events. The factors that led to the turnaround of events included Human resource initiatives such as enhancements in staffing, provision of incentives, enactment of transparency initiatives, transformation of the civil society and investing in the modern administrative procedures and technology (Tortajada and Biswas, 2013).

losses and claims. The HR department should work in cooperation with labor, health and security organizations to improve the welfare of the workers. By responding to employee complaints and concerns in a timely manner, the HRM reduces the possibility of using these grievances as a bargaining power to engage in corrupt deals (Phillips and Gully, 2013). The HRM aids the processes that place obligations on the organization to acknowledge its responsibility for the safety, security and healthcare of the employees. The HR managers are charged with the responsibility to ensure working conditions that comply with the existing statutory requirements and approved code of business practice designed to ensure quality standards. The responsibility for health and safety rests at the management level and all the HRM have a duty to safeguard the employees' welfare throughout the organization.

2.11 Employee and Labor/Management Relations

It is the function of every manager to look after his people and his relationship with them. The labor relations is not a separate function and are, therefore, part of the human resource functions (Boyd, 2004). The HR development and maintenance functions involve selection, interviewing, performance appraisal, training and labor relations. The company relies heavily on the successful implementation of HR aspects and engages in useful negotiations and reformulations to meet the changing requirements (Boyd, 2004). The HR oversees the facilitation and development of employment relationships with the organization and matters relating to stakeholders, unions and community organizations. The HRM department therefore, acts as a mediator between the employees and the management. If it performs its functions effectively and ensures proper employee, labor and management Relations, it follows that there is high level of integrity and a system that is

dedicated to professional and ethical code of conduct. This minimizes the possibility of corruption and conflict. An adversarial system discourages cooperation and makes it possible for individuals to engage in unethical practices.

3. Research Methods

3.1 The Case studies

Gay, *et al.* (2008), describe the case study as a research technique for qualitative research. According to Gay, *et al.* (2008), a case study involves longitudinal analysis of events and incidences and provides a systematic way to examine and evaluate information and to present the findings. The case study data is acquired from other people's experiences and is therefore seen as a strong technique to demonstrate authenticity and reality. For this study, the researcher decided to evaluate the case studies on Steel Company Inc and Phnom Penh Water Supply Authority. Phnom Penh Water Supply Authority is a Multinational Corporation that is committed to sustainable development of water supply services and provision of such services that ensure that the people in Cambodian cities and provinces have access to portable water (Tortajada and Biswas, 2013). The Steel company Inc is an American-based firm that specializes in providing steel solutions and construction materials to the commercial and government clients in North America, Eastern Europe and the Far East (Loughman and Sibery, 2011). The companies were once weakened by incidences of managerial corruption, which thwarted their efforts and intensified their problems. However, later, the initiatives embraced and implemented by the HRM triggered the remarkable turnaround of events. The improvements in relation to staffing, provision of incentives, and accountability initiatives as well as the implementation of stronger administrative

management programs help the organizations to access financing from other accredited institutions. According to Sajid (2003), the HRM can play an active role in the enhancing the formulation and implementation of the more effective administrative programs in order to maintain confidence in the financiers and attract long-term organizational growth (Price, 2004). Ineffective administrative strategies are a serious obstacle to organizational performance while good management and leadership policies eliminate opportunities for bribery and corruption.

Yu and Egric (2005), agree with the idea and explain that the improved HR mechanisms through which corruption hinders organizational performance are clear-cut. The corrupt activities distort organizational decision-making and raise transaction costs and uncertainty in the organizational processes. It also distorts the composition of expenditure and directs them away from investments and productivity (Yu and Egric, 2005).

As opposed to Muczky and Gable (1997), and Sajid (2003), it is argues that organizations have tried these approaches to no avail. He argues that by formulating and implementing new HR administrative techniques remains challenging to address other areas including equality and diversity. According to him, the corporate code of conduct is often interpreted differently and the scope of commitments varies across the organizations. This implies that the HRM has an extremely difficult task and to address the ethical questions (Sajid, 2003). Defining the right business conduct requires substantial contribution of all the organizational departments.

2.9 Compensation and Benefits

HRM professionals are expected to address the various business realities and to focus on the needs such them as workforce compensation strategies.

According to Phillips and Gully (2013), the HRM is a vital link between the organization and the employees. The department is responsible for ensuring the employee welfare and observing that the rights of the workers are respected (York, 2009). The HR plays a key role in maximizing the chances of hiring employees with higher ethical dispositions by paying a careful attention to the compensation and benefits as well as the selection process (Phillips and Gully, 2013). If properly implemented, the HRM compensation and benefits strategies ensure employees are equally rewarded based on performance. Compensation embodies the ethical values of the organization. When the HRM ensure compensation and benefits are well distributed in an equitable manner, it reduces the chances of ethical controversy which has often led to organizational conflict, misunderstanding and corruption. Through equal and equitable compensation, the organization is able to minimize the possibilities of engaging in corrupt deals.

2.10 Health, Safety, and Security

The HR managers have important roles to play. They help foster good industrial relations that emphasize on the employees' positive contribution regarding health, security and safety. The HRM may have to represent the organization at the employment tribunals when issues of safety, security and health are pursued to gain legal remedy. The department must therefore be aware of the need to develop a good working relationship with trade unions that represent employees to obtain their full support. York (2009), advises that HRM managers can contribute to the security and health issues in a number of ways. One of the key ways to manage this is through the compensation management. According to Boyd (2004), the HRM has a responsibility of communicating with the employees regarding the safety and health concerns including

accordance with the equal pay act and other statutory regulations. The study conducted by Eleni, *et al.* (2007), regarding the employment practices and compliance brought into focuses on the challenges faced by the organizations and the HRM in efforts to ensure compliance. Sarbariya and Khita (2011), explain that governmental bureaucracies and legal procedures remain a strong hindrance and challenge to the process. In many cases there are individuals who would want to be corrupted in order to execute certain procedures or allow access to particular documents. Noe, *et al.* (2007), also unveil the mystery surrounding the incompliance of many organizations and the subsequent corruptions that continue to haunt organizations. According to Aswathappa (2008), withholding the privileges for acquiring legal business documents provides a form of advantage that encourages incompliance with the expected standards. Even though Noe, *et al.* (2007), agrees with the idea, he explains that many employers have deliberately resisted the obligation to comply with the federal and state regulations (Eleni, *et al.* 2007). Noe, *et al.* (2007), is particularly critical of those employers who do not want to follow the appropriate procedures and incur the required costs to obtain licenses and legal business documents.

Noe, *et al.* (2007), also admits that the reputation of the organization in the market is likely to be a significant motivator to the employees which encourages social responsibility and commitment. The existence of compliance deficits suggests that the company has a poor public image, which impairs the employees' commitment and promotes managerial corruption (Noe, *et al.* 2007).

According to Aswathappa (2008), the reputation impact of the non-compliance may be very huge and may lead to weakening of the organizational functions. On the other hand,

Budhwar and Mellahi (2006), explain that it is less clear how the HRM might use the legal compliance activities to reduce managerial corruption. He argues that the intention to engage in corruption is more personal than societal, thereby making it hard to prevent or reduce through managerial compliance. Seonghee *et al.* (2006), however does not deny the fact that to a certain degree, legal compliance may do some work and support acceptable workplace norms. He adds that legal enforcements serve as effective drivers of corporate compliance and encourages societal consensus against corruption.

However, on a surprising note, Sarbariya and Khita (2011) reiterates that it is the law of the workplace that must grapple the corrupt activities and deals associated with management. Seonghee *et al.* (2006), believes that the HRM has a negligible role in eliminating misconduct and non-compliance among the staff members within the workplace setting. Regarding those at the top, Sarbariya and Khita (2011), and Noe, *et al.* (2007), argue that the force of both the law and organizational regulations have the power to restrict them within the compliance standards. Considering the information presented by Budhwar and Mellahi (2006), the HRM has the responsibility of ensuring that the organization complies with the labor laws and formulates organizational disciplinary regulations that effectively and evenly deal with corrupt individuals.

2.8 HR development

According to the study conducted by Welkowitz, *et al.* (2006), and Ya-fen and Tzai-zang (2009), the degree to which organizations observe the principles of administration is an essential factor for eradicating corruption. Improving administrative programs and rules are necessary to protect and encourage shareholders interests while ensuring transparency and clarity in financial management (Budhwar and Debrah, 2013). Establishing more effective

roles and positions. The HRM are charged with the responsibility of eliminating cumbersome administrative procedures and ensuring comprehensive administrative reforms that had better define the mandates, and function of each individual within the institution (Phillips and Gully 2013). The reforms have a good potential to ensure activities are carried out transparently and in a timely manner. However, Kadhim, *et al* (2012), argue that sensitive reforms on staffing and corruption reduction have moved a slower pace.

According to Kadhim, *et al*. (2012), the staffing is aimed at assessing and evaluating employees relevant knowledge, abilities and skills for the job opportunities within the organization. The process is also meant to enhance motivations, reliability and values of the employee with the ultimate objective of improving individual competence and organizational performance, and productivity. However, Khan (2011), explains that many HRM staffing processes are eccentric and people often find an opportunity to corrupt their way through. One study conducted by Michie and Sheehan-Quinn (2001), established that the HRM staffing processes should be based on well-established and acceptable organizational principles. Ineffective staffing procedures and principles have complicated the decision making processes, which are very detrimental to the organizations for a variety of reasons. The poor staffing processes and decisions have led to less satisfactory business performance, reduced profits and poor organizational performance. The poor HRM processes also led to high employee turnover and presents unnecessary costs to the organization (Khan and Khan, 2012). The image of the organization is often tarnished since the selection process is viewed as a vital point of contact between the applicants and the organization. Poor and corrupt HRM processes increase the likelihood of

costly legal proceedings. In order to enhance the effectiveness of the recruitment process, Kadhim, *et al*. (2012) argue that organizations and the HRM need to improve the interviewing and appraisal processes. The poor practices and techniques have led to idiosyncratic decisions that have had a negative impact on the organization's workforce. According to Khan and Khan (2012), and Huang (2000), professional recruitment practices relate to effective interview processes, structure and effective training and guidelines for the hiring decisions. Khan and Khan (2012), suggest that the competency based recruitment process is a useful factor that helps the HRM to focus on the effective and useful practices that support accountability and transparency.

2.7 Equal Opportunity

According to Budhwar and Mellahi (2006), staying in compliance with the antidiscrimination and labor laws is an important piece of the HRM practice and provides a good opportunity for the organization to avert any corrupt deals. The government is interested in ensuring that organizations comply with the established regulations of laws. Sarbariya and Khita (2011), explains that compliance has become a vital element in HRM activities Failure to satisfy the compliance obligations often have intangible and material repercussions on employers and the organization at large (Aswathappa, 2008). The federal regulations definitely affect each activity within the organization, which involves human endeavors such as recruitment, promotions, compensations, transfers, and placement. In the US, and other countries with similar regulations, all these activities must be carried out as defined in the "equal employment opportunity provisions" and mandated by the civil rights act of 1964.

The compensation administrators are supposed to ensure that the payments and benefits are in

develop and maintain a high quality work life that makes the employment and work in an organization desirable, social and personal. The HRM is intended to make people's strengths productive and to benefit clients, employees and stakeholders. Employees need to be motivated in order to exert the maximum effort. The HRM evaluates their performance in order to remunerate them based on their contribution to the organization. The HRM attempts to stimulate each employee to explore his or her potential.

2.4 Human planning and Analysis

According to Manasa and Reddy (2009), proper HR plans and analysis demands that organizational HRM should stock the required knowledge regarding the employees as valuable assets and outline the actions that enhance the stock as investments. In order to reduce managerial corruption, the HRM plays a role in minimizing corruption by ensuring monetary criteria and ensuring quality control measures, establishing a strong organizational culture and linking HRM issues to effective organizational strategies.

Oladipo and Abdalkader (2011), argue that the HRM must demonstrate effectiveness in ensuring monetary terms and cost accounting, which must be widely adopted by the organization. On the same note, Stein, *et al.* (2006), reiterate that most organizations rely on intuition and subjective estimates when evaluating the effectiveness of the HRM activities. Undoubtedly, Oladipo and Abdalkader (2011), and Manasa and Reddy (2009), emphasize that cost accounting methods reflect fundamental concerns, which is of a broader importance to the company and goes along the way to prevent managerial corruption. For instance, the HR departments provide a variety of sophisticated measures meant to evaluate the effectiveness of the organization's approach to resources. The narrowed approach of assessing organizational effectiveness

helps improve understanding of the underlying drivers and strategy maps, which effectively and directly influence the internal operations ensuring corruption-free processes.

2.5 Selecting and Hiring Employees

One of the fundamental roles of Human resource involves selecting and hiring employees with the appropriate skills in the right positions at the right time. Developing an effective workforce through training and appraisals helps minimize the possibility of engaging in corrupt activities in order to win favors (Singh 2004). Proper HR selection and recruitment ensures commensurate rewards and benefits, which also play a significant role by discouraging the staff from engaging in corrupt activities. As opposed to Mohamed *et al.* (2015), Welkowitz, *et al.* (2006), and Singh (2004), however believes that the HR selection and hiring can be viewed in isolation as it happens within the larger environmental and societal context as well as the organizational resourcing aspects, which mainly affect the environmental and business aspects. Suzan (2006) also believes that suitable individuals are only needed to represent the company and emphasize on the appropriate skills required to offer high quality customer services. In general, Budhwar and Debrah (2013), and, Stein, *et al.* (2006), emphasize that the HR recruitment and hiring is an essential strategy for utilization, acquisition and continuation of the HR activities in a manner that eliminates mistakes and wastage.

2.6 Staffing

Staffing is defined as filling positions in the organization structure. It involves identifying workforce requirements, recruiting, selecting and, promoting, placing appraising, training, compensating among other activities. According to Phillips and Gully (2013), staffing is closely linked to organizing and setting up structures of individual

2. Theoretical Framework

2.1 Managerial corruption–definition

Based on the information presented by Budhwar and Debrah (2013), “managerial corruption” may be defined as the process or state of disloyalty or fidelity that involves the individuals at the management levels and the staff or potential staff during such processes such as recruitment, job evaluation and appraisals. According to Henry (2008), corruption describes the betrayal of the public trust for personal gains. Even though the definition for managerial corruption vary from author to author, many of the authors believe that the majority of the corrupt activities involve the abuse of processes, financial procedures and bureaucratic processes that should be adhered to while carrying out organizational tasks and responsibilities. According to Bowdin *et al.* (2012), managerial corruption is not limited to the top levels of the organizational hierarchical systems. The accusations and complaints of corruption are rampant at all levels in the organization. Very often, there are allegations that the employees have engaged in corrupt deals in order to gain favors from the management. Just like other forms of corrupt deals, the managerial corruption is a symptom of the weak state organizations and significantly affects all levels of the organizational bureaucracy.

2.2 Causes of managerial corruption

The study conducted by Budhwar and Debrah (2013), sought to evaluate the consequences of managerial corruption on organizational networks and individual behavior. By comparing corrupt and non-corrupt processes, Khan (2006), was able to examine the manner in which deceptive endeavors are able to alter the way individuals come together to achieve objectives. The study also examined the effects of corruption on the social structure. According to Tariq (2006), corrupt processes have

lower connectivity and fewer reciprocal relations as compared to non-corrupt deals.

2.3 The role of HRM activities in reducing corruption

Khan (2006), describes the HRM as a management as a utility or component of the organization’s management that deals with the creation, maintenance and implementation of processes that governs the employee recruitment, selection, compensation and benefits. It also deals with the training, job design, performance evaluation and motivation among others. A key role of the HRM is to ensure well-established formal mechanism that provides fair employment opportunities, working conditions and affirmative action. The functions exist in almost all organizations even though the regulations may vary from organization to organization. In some organizations, the HRM functions are centralized and are mainly performed by the high-level agency executives. In other organizations, separate departments have formally designed HRM tasks and regulations that govern each activity. The high-level executives are often considered as important actors in the governance processes and the administrative tasks within the organization (Tariq 2006; Burke, *et al.* 2013).

Considering the information presented by Michie and Sheehan–Quinn (2001), and Khan (2011), the professionalization and modernization of the HRM activities is important for ensuring efficiency and success in the governance and the development of the organizations. The HRM activities and practices play a key role in ensuring administrative responsibility and accountability.

In many organizations, the principal aims of the HRM is to help the organization accomplish its objectives, to employ the skills and capabilities of the organization’s workforce effectively and to

that hinders development and that has paralyzed the operations in numerous institutions. The aim of this study is to conduct a theoretical analysis regarding the role of Human resource management activities in reducing managerial corruption in organizations. The study emphasizes on the role of HRM in containing the threat of managerial corruption.

1.1 Background and Reason for doing the study

The recent theoretical work on the functions and role of the HRM support the notion that the HRM is an important component of the organization that plays a critical role in ensuring accountability, transparency and effectiveness in the organizational activities. Bowdin *et al.* (2012), for instance, asserts that the HRM practices combine multiple dimensions that enforce trust, reliability and ensure improved performance. Budhwar and Debrah (2013), McLean (2005) and Campos and Pradhan (2007) also affirm that HRM policies play a critical role in determining the staff recruitment and selection as well as the structural training and development and compensation. Minimizing corruption is a key concern for organizations and institutions in both developing and developed countries. Organizations worldwide strive to ensure improved integrity and accountability in the design and implementation of anticorruption policies and strategies. According to Khayum (2003), the HRM plays a key role in reducing opportunities and reason for corrupt activities in organizations. The HRM activities need to be strengthened in order to support anticorruption policies and reduce the motive for corrupt activities (McLean, 2005).

1.2 Statement of the problem

Issues regarding corruption and nepotism among the staff, staff appraisal and overhauling of staffing systems are some of the challenges that the HRM has to deal with. The existing HRM activities have placed less emphasis on addressing these

issues. There is a need to adopt systematic procedures for the selection and recruitment and that can help the managers who run organizations. The existing techniques have done little to reduce nepotism and corruption in initial appointments. Organizations are yet to adopt effective mechanisms to help minimize managerial corruption and ensure effective use of financial resources (Khayum 2003). The HRM has also done little to enforce stringent admission standards, improved training and ethics. The HRM should play a critical role in combating corruption and should provide symbolic leadership that ensures minimal internal misbehavior and full cooperation with the external agencies. Many organizations have poor systems of disciplining staff misbehavior and extreme misconduct. The inability and reluctance of the managers have led to increased corruption and lack of transparency in the organizational processes (Campos and Pradhan 2007).

1.3 Importance of the study

The study is important because it helps the organizations to understand the critical role of the HRM and the HRM practices in minimizing managerial corruption as well as misconduct and extreme misdemeanor. It helps support the findings of some of the authors such as Mohamed *et al.* (2015) Budhwar and Debrah (2013), Bowdin *et al.* (2012), and Campos and Pradhan (2007), who highlighted on the significance of the HRM. The studies have suggested that the HRM practices are appropriate for ensuring effectiveness and accountability in all the organizational activities. The study also contribute to the reader's understanding on the effects of HRM and on organizational performance and address the question of how effectively can the HRM activities be used to minimize employee misconduct.

The Role of Human Resource Management Activities in Reducing Managerial Corruption in Organizations

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Abstract

The challenge of reducing managerial corruption is felt across almost all organizations across the globe. This study is a theoretical analysis, which examines the role of human resource management (HRM) activities in reducing managerial corruption in organizations. The evaluated literature reveals that the HRM has a combination of roles, which can be emphasized to help eliminate ineffective organizational procedures that create room for managerial corruption and bribery. The study also established that managerial corruption is rampant partly due to the weak and ineffective organizational structures. The misuse of organizational funds and resources is a common incident. Bribes are paid and funds are embezzled by individuals who are in organizational positions to exercise discretion. Individuals at the management level are often accused of fraudulent use of funds, extortion of organizational assets. The HRM formulates organizational strategies, and its activities have an implicit purpose of enforcing managerial discipline and managing employees and organizational welfare. In order to improve the HRM's ability to combat managerial corruption, the study recommends that proper strategies, anticorruption techniques, and ethical standards must be formulated and implemented by the HRM. This will help curb corruption and unethical behavior by eliminating ineffective procedures.

Keywords: Corruption; Human resource management; Performance.

1. Introduction

Corruption is generally a matter of concern in both the public and private sector. Organizations have already adopted a range of anticorruption measures to help combat the vice. According to McLean (2005), every organization desires to provide management that is oriented toward offering an attractive working climate. In some cases, the human resource management (HRM) has been used to deal with issues such as corruption and nepotism in initial appointments. The HRM techniques have been pursued such as eliminating "host workers" in order to minimize the hardships inflicted on the employees who are often the victims.

According to the information presented by Khayum (2003), HRM models and activities can help reduce managerial corruption. They are charged with the task of ensuring that the staff contributes to the realization of the organization objectives. The HRM professional practices adapt to the particular organizational needs and to manage the activities of recruiting, developing and deployment of staff, which make an indispensable contribution to the effective administration (Kirkpatrick, *et al.* 2002). Recent studies such as Al-Mahayreh and Abedel-qader (2015), Budhwar and Debrah (2013) and Campos and Pradhan (2007) show that corruption is rampant in organizations. It is acknowledged as a key factor