

# **Strengthening the Moral Fabric of the South African Workplace: Strategies, Resources and Research**

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# Introduction

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The workshop *Strengthening the Moral Fabric of the South African Workplace: Strategies, Resources and Research*, on which this Seminar Report is based, was aimed at assessing how various sectors of society are coming to terms with moral problems in the workplace through the development of strategies and resources to deal with, among others, mismanagement, corruption in its various forms, work ethic and governance. The workshop was held on 3 and 4 May 2001 at the University of Pretoria.

The above objectives were achieved through describing and assessing current programmes and initiatives, as well as identifying gaps and potential research projects aimed at improving resources and strategies in the different sectors.

Participants were drawn from research and education institutions in the public sector, private sector and organs of civil society. Personal interaction and the sharing of insights and information proved to be very useful. The general feeling was that similar workshops should to be held from time to time. It was suggested that a task team be established to provide a well-researched and regular profile on corruption, governance and ethics in South Africa with regard to the different sectors. This product will provide a practical focus for researchers and research institutions, educators and education institutions to enrich the work being done to strengthen the moral fabric of the South African workplace. Transparency South Africa (T-SA) was asked to facilitate the establishment of such a task team.

The workshop's organising committee comprised representatives from the University of Pretoria's Institute of Occupational Ethics (Dr Mollie Painter-Morland) and Faculty of Theology (Prof. Etienne de Villiers), the University of South Africa's Faculty of Theology (Prof. Louise Kretschmer and Prof. Klippies Kritzinger), St Augustine Catholic University (Dr Edith Raidt) and T-SA (Dr Stiaan van der Merwe and Sikhalo Sekhonyane).

We wish to apologise for the fact that all reports from the various workshops could not be ready in time for publication.

*Stiaan van der Merwe  
Acting CEO  
Transparency South Africa*

# Welcoming Address

*Michael Lange*

## INTRODUCTION

On behalf of the Konrad Adenauer Foundation (KAF), I would like to extend a warm welcome to you all.

It is with great pleasure that KAF is cooperating for the first time with Transparency South Africa and we are hopeful that today's conference, entitled *Strengthening the Moral Fabric of the South African Workplace: Strategies, Resources and Research*, will mark the start of a fruitful working relationship with this new subsidiary of Berlin-based Transparency International, especially when it chooses topics that form part and parcel of KAF's ongoing efforts to contribute in a meaningful way to the consolidation of democracy in South Africa.

## 1. THE KONRAD ADENAUER FOUNDATION

KAF is a German political foundation that has been cooperating with partners throughout the world for more than 35 years, in its quest to promote democracy and good governance. We have become convinced that the creation and consolidation of a democratic political framework is one of the essential conditions on which any development process depends.

The strengthening of institutions and structures that guide the development of a constitutional and legal order and that favour the consolidation of the rule of law, has been gaining importance among KAF's activities – especially since transformation processes worldwide, and particularly in Africa, have been offering greater opportunities for direct involvement.

In South Africa, KAF cooperates not only with political parties and their respective think-

tanks but also with reputable education and research institutions. It has wide-ranging programmes running in South Africa's different provinces.

In each case, we utilise the tools available to us to further our objectives. These include international and national seminars such as this one; short-term expertise; study tours to Germany; research programmes; and, where appropriate, publications through our series of seminar reports and occasional papers.

## 2. AFRICAN RENAISSANCE

Since the adoption of the new South African Constitution in May 1996 and the subsequent accession of Thabo Mbeki to the South African presidency, the concept of an "African Renaissance" has taken centre stage.

This African Renaissance seeks the rebirth of spiritual values that reside in all humanity. It recognises that although each of us has personal responsibilities, these are accomplished by cooperating with others. This freedom of association produces common social responsibilities.

Neither black nor white communities in South Africa were experienced in living in freedom, and both were unprepared for it when freedom eventually came. However, the question of how a nation should go about restoring its moral character still needs answering.

## 3. RESTORING MORAL FIBRE

How should a country, recovering from an era of repression and undergoing transition and social reconciliation, treat severe unemployment, an extremely high crime rate, an Aids

pandemic and a stagnant economy, at the same time ensuring this is done in an honourable, moral way?

We are aware that poverty can inhibit morality, and a society overwhelmed by social problems eats away at ethics. Does an economic environment that makes it impossible for much of the population to obtain a livelihood, compel millions to beg, even steal or die? Must society offer a viable alternative to crime?

The search for answers to these questions has only just begun – and this conference aims at discussing practical ways in which individuals, organisations and different sectors of society can participate in, and contribute towards, a comprehensive readjustment of the moral fibre of South African society.

#### **4. CORRUPTION AND ANTI-CORRUPTION MEASURES**

South Africa has realised that corruption is one of the major impediments to effective development. The great openness that democracy has brought to South Africa since 1994 offers new opportunities to deal with this problem in the context of the country's new constitutional values.

While the government has on many occasions publicly stated its determination to eradicate the problem, it has been struggling to shape a consistent and coherent approach, in conjunction with business and civil society. There still seems to be a distinct need for a clear conceptualisation of the problem, an understanding of its implications and direction about how it can be addressed.

It is well known that the causes of corruption are varied and would have to be understood in specific contexts, but a few general observations about the causes of corruption might be appropriate:

- Corruption is closely linked to an official's discretion over financial means and the degree of accountability in executing such discretion.
- In the absence of clear rules and codes of ethics, discretionary powers more easily become abused.
- Low civil service salaries and poor working conditions are strong incentives for corruption.
- The less effective a government is, in general, with slow budget procedures, lack of

transparency, inadequate strategic vision and weak monitoring mechanisms, the more fertile the environment for corrupt practices.

- If political leaders and top bureaucrats set an example of self-enrichment or ambiguity over public ethics, lower level officials and other members of the public might be tempted to follow suit.

It is in the rules and practices of governance that the foundations of sustainable development are shaped, or undermined.

In a recent report on the *State in a Changing World*, the World Bank rightly stated that the very basis of development becomes compromised when these rules and practices are not effectively monitored and applied. Development suffers in particular, where the rules of governance allow arbitrary resource allocation and the diversion of public resources in defiance of the public good and to the exclusive benefit of corrupt officials, politicians and their collaborators.

Concerns about corruption have intensified in South Africa in recent months. Despite the promulgation of one of the world's most elaborate constitutions, based on a long list of human rights – revolving around executive accountability to the legislature, an independent judiciary and decentralised governance within a unitary state – the South African Constitution also provides for special institutions such as the Public Protector, the Constitutional Court and the Auditor General. Jointly, these facets of the new constitutional order create the means for accountable government in the best tradition of democracy.

As much as it may be true that the apartheid era was marked by a culture of secrecy and patronage where rules flew in the face of honest and accountable government, can one honestly say that today's corruption is a result of apartheid only?

In view of the fact that South Africa is affected by all those evils that arise out of great social injustices and vast economic imbalances, we must first accept the proposition that only with the democratic transformation of the South African society and economy can these evils be redeemed.

Greater efficiency, transparency and integrity in business as well as in public institutions have already produced a number of positive results:

- The increasing realisation that the attainment

of economic, political and social objectives seem possible only by improving good governance and preventing corruption.

- The fact that corruption threatens economic growth, social development, the consolidation of democracy and national morale.
- The observation that public sector corruption and maladministration reinforce the unequal distribution of opportunities, and thus serve to undermine basic human rights.

A number of developments to address both perceived and actual corruption are currently under way in South Africa. The government has launched an anti-corruption initiative that has as its main objectives to:

- improve the investigation and prosecuting of corruption
- rationalise the agencies combating corruption
- review legislation
- improve discipline at all levels of government
- protect whistle-blowers and witnesses.

## **CONCLUSION**

Today, South Africa is considered by many observers to be a legally consolidated democracy, in which development towards a constitutional, pluralistic state, ruled by the new law of the land, appears to be irreversible.

Building and maintaining a strong and enduring democracy on these foundations will depend on a continuing commitment by all segments of South Africa's diverse population to reconciliation and far-reaching economic and social transformation.

Daniel Bell, a renowned sociologist from the United States (US), recently suggested that the central political cleavage of the post-Cold War world would not be between left and right, nor between secularists and fundamentalists, as Huntington predicted, but between the clean and the corrupt. In his opinion, the substance of politics would be stripped down to the simple question of honesty.

Although history is littered with examples of populations that live for years in appalling squalor and never mount a political challenge or pose a serious electoral threat as long as the identification between the leaders and the led remains strong, it is highly likely that poverty, combined with the perception that the political class is self-serving, will open spaces for popular opposition.

Countries such South Korea, the Philippines, Peru and Italy have all seen heads of state fall over revelations of dishonesty. The US and Germany have experienced political crisis due to irregular or unethical behaviour of leading politicians.

It appears that in decades to come, the most imaginative and successful political parties will be those that link anti-corruption to a broader political agenda. KAF is willing to play its role in nurturing the work of institutions, such as Transparency South Africa, in their drive to fight corruption by contributing to a comprehensive anti-corruption strategy in South Africa. Today's seminar is designed to stimulate such debate. I hope you find the deliberations enjoyable, interesting and worthwhile.

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# Strengthening the Moral Fabric of the South African Workplace

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*Smangaliso Mkhathwana*

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## INTRODUCTION

As Chairperson of both the Commission on Religious Affairs and the Moral Regeneration Movement, I have been concerned about the gradual degeneration of our morality as manifested in both public and private behaviour. I am referring to violence, family killings, abuse of women and children, rape, suicide, car hijackings, racism, dishonesty, theft, etc.

This topic should be important for the workforce of our country as well, particularly because the workers – *abasebenzi* – together with students – the young lions – backed our cadres in the trenches and paved the way for the last mile of our struggle in the 1980s and 1990s.

## 1. THE COMMON GOOD

Today, however, we talk of democracy without social stability. What is democracy without the commitment of all the citizens of this country to the common good? In Western democracies – after which our democracy is fashioned – pursuit of the common good is an overriding factor.

That is why, for example, the Democrats in the United States (US) would not take up arms against the Republicans when there was a dispute over the counting of votes in Texas during the most recent presidential elections in that country. War was not in the interests of the common good, although each side wanted a president of its own choice. Everyone, whether Democrat or Republican, put the interests of the country before their own agendas. The dispute was therefore taken to court, and Al Gore voluntarily withdrew despite the possibility

that he might have been declared the winner if he had pushed further.

## 2. ECONOMY

It is my considered opinion that the full realisation of our democracy depends largely on a flourishing economy. The attainment of this, however, depends largely on what does or does not happen in the workplace. A stable workplace boosts investor confidence in a country. The question therefore arises as to how industrial action must be viewed in this context. Is it morally right or wrong? Whose interests are paramount, the employers' or the employees'?

I must hasten to add, however, that strikes must not be blamed on workers alone, because strikes are symptomatic of a breakdown in communication between management and the workforce. Sometimes one party is responsible for the breakdown; sometimes both parties.

An outsider looking at our battery of laws might wonder how it is possible to have costly strikes when we have so many proactive laws in place. That is exactly where moral reconstruction becomes relevant: the law on its own will not change matters. It is the individual's frame of mind – that is, his/her mental attitude – that counts the most.

## 3. MORAL RECONSTRUCTION

This takes me to my next point: What do we mean by "moral reconstruction" in the Moral Regeneration Movement? I will not bombard you with a list of do's and don'ts, many of which you have probably heard at church. All these say something about our behaviour, but they are not the essence of moral reconstruc-

tion. Moral reconstruction, in our understanding, has to do with a vision of a society whose moral fibre is fully restored, where selfishness and greed give way to the promotion of the common good, and where mutual respect – respect of life, respect for the aged, respect for a fellow citizen's property and a sound work ethic – are among shared values.

Such a society is, at present, only an ideal and will remain as such until we begin to act. It is not, however, an ideal in the sense of a "not yet" and "never will be" utopia. It is a realisable vision.

Regrettably, I have to use, once again, Western examples – those of Sweden and Switzerland, among other Western countries – to illustrate the point. A city such as Stockholm, Sweden, has people living there from many different countries. However, it is peaceful and, to a large extent, devoid of the kind of criminal activity we find in our big cities. The same could be said of Geneva, Switzerland, which for a long time was regarded as the safest and most peaceful city in the world. Remember, the World Council of Churches and the United Nations (UN) are headquartered in Geneva. One could ascribe the peaceful cultures of these cities to proactive measures in the upbringing of their citizens.

The formation of a child is always very important because what you sow is what you reap. If a society feeds garbage to a child, it should expect to get the same out of that child. One could argue that these are developed countries and that the tranquillity of their citizens is born of the fact that they have everything they need. That might be true, but what about a country like Tanzania where the teachings of the late Julius Nyerere have led to self-love, self-respect and, therefore, love and respect for others. Tanzania may be poor economically, but culturally and spiritually it is very rich.

#### **4. THREE CONCEPTS**

Experts on ethics distinguish between three concepts: first they talk of *moral philosophy*, namely the philosophical discussions of ancient Greek philosophers about what is and is not morally acceptable. Such discussions continue today and are still relevant, with people often referring to Plato or Aristotle, among other ancient philosophers, in support of their positions. Our problem today is: Who decides what

is acceptable, what is right and wrong? For example, it may be morally wrong, in a Christian's view, for a man to have more than one wife, but in African traditional religions and Islam, this is perfectly acceptable. Whose right or wrong do we then accept?

Second, experts talk of *ethics*. Simply stated, this refers to a reflection on why an act may be right or wrong. Moral philosophy looks at *what*, while ethics looks at *why*. For example, in a situation of industrial action, ethics will not ask whether it is right or wrong to have industrial action, but why industrial action should or should not be embarked upon. It might be that the country's fledgling economy would be harmed, that many people would be out of work, that many children would be out of school, or, worse still, that many children might die of malnutrition. This, added up, could make industrial action unethical.

The advantage of reflecting on an act and knowing its consequences for oneself and others, is that it helps one to avoid engaging in certain acts. In other words, it has a preventive effect. This is what we refer to as "making the right judgement".

Third, experts also talk of *moral behaviour*. By this they mean one's behaviour or actions as influenced by one's judgement in a particular situation. In some cases, people lack the "right judgement" and their behaviour then becomes devious, i.e. they behave in a manner that flouts values that are agreed upon in a particular community or society. We tend to focus on this concept in our discussions on morality.

The example of this is what I have done above, that is, giving you a list of crimes such as violence, family murders, rape, etc. The way people behave reflects something that has gone wrong in their upbringing (formation) or in the environment in which they find themselves. If they lack the ability to make the right judgement, they and those around them suffer.

We all know that the police alone cannot stamp out crime; they can only catch the law-breakers. In other words, the police deal with bad behaviour, while society's task is to prevent bad behaviour by helping citizens make the right decisions at appropriate times.

#### **5. THE WAY FORWARD**

How can this theoretical background help us to reconstruct our morality in the workplace and

provide us with resources for the way forward? This question will hopefully be answered during the discussions at this symposium. To begin, let us consider the following points:

- Although in my examples I refer to employer-employee relationships and worker-production problems, morality in the workplace also has to do with worker-worker relationships. Under the old regime, workers were divided according to race and gender and their treatment and remuneration packages followed a sliding scale according to “official” classification. This caused friction within the workforce itself. Accelerated union activity in the 1980s and the post-1994 labour laws exploded the myth that workers were essentially and qualitatively different from one another. Today, HIV/Aids is added to the list of reasons for dividing workers. If workers cannot learn from this, they will continue to be divided and productivity might be affected by this. In the same way, if employers continue to use differences to divide workers, they are depriving themselves and the country of maximum productivity. That is a moral issue. Employers and employees alike have a moral responsibility to South Africa. The welfare of this nation is in their hands.
- It should be remembered that prevention is better than cure. There needs to be an agreed upon code of understanding between employers and employees as well as a code of conduct in the workplace for all to follow. This will help people to adopt a mindset in the workplace that is conscious of the common good. Psychologists tell us that economic growth relies on a motivated workforce. Stress in the workplace is among the diseases that demoralise workers. If tensions are kept to a minimum, stress will be reduced.
- As the custodian of society’s values, government has enacted a number of laws – beginning with chapter 2 of the Bill of Rights in the Constitution – which are aimed at ensuring good moral conduct among South Africa’s citizens. Some laws are particularly aimed at employers and employees. The latest among these are the Employment Equity Act and the Basic Conditions of Employment Act. These laws must be implemented, but

government cannot be everywhere to monitor such implementation. The onus is therefore on the people for whom the laws were made. Committees need to be established to monitor the implementation and to formulate ways of educating workers about existing laws and how to implement them.

- As alluded to earlier, we need a sound work ethic. People should love work and be committed to it. Contrary to what we read in history textbooks of the past, African people in this part of the continent were diligent and hard-working. They knew that if they did not work, they would not eat. They lived on crops although they also kept livestock. Each man fended for his family and it was considered shameful to beg when one’s health was fine. We should perhaps be telling ourselves: “If I do not do it for myself, my family and my country, no one else will.” The more the production, the better the chances of a company’s survival. This will only happen, however, when people develop love for what they do instead of giving only minimal effort. Those trained in acetic life will know that to “work is to live”.
- As mayor of a metropolitan city, I know how much a city’s prosperity depends on its industries. The more factories, the better the chances of employment, the better the quality of life for many and the fewer the instances of crime. A well-disciplined and serious workforce is attractive to prospective investors, whether foreign or domestic. Being united around the promotion of the common good is also a morale booster for workers. The Minister of Finance has made many tax concessions for businesspeople and much investment ought to have been forthcoming. But growth has not been as expected. We must, however, continue boosting worker morality and promoting investor confidence.

## **CONCLUSION**

I wish you productive deliberations and hope that at the end of this symposium, you will inform the Moral Regeneration Movement, through my office, of your decision to work closely with it. The more partners we have in this venture, the lighter our work will be.

# Weaving the Moral Fabric of the South African Workplace: Personal and Institutional Factors

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*Mollie Painter-Morland*

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## INTRODUCTION

This conference aims to explore ways in which to strengthen the moral fabric of the South African workplace. Before we can assess the current state of affairs and plan our way forward, we need, however, to understand the various threads that constitute and contribute towards this moral fabric. It is essentially an exercise in self-exploration, since we are all implicated in the complex interaction and intersection of the factors and forces that shape the moral landscape of the South African workplace.

Our capacity to act morally is in fact not a result of our abstract reasonability, as modernist Western theories would have us believe. In fact, it is exactly the contaminated nature of our existence in this world that is the stuff that morality is made of.

Our involvement with various cultures, groups, organisational environments, political ideals and religious commitments forms an integral part of our moral identity. The rationalist paradigm that uncritically accepted us as “rational subjects” who are able to climb out of our skins and out of our institutional contexts to make “objective, rational” moral decisions, was a fallacy that not only made us lose sight of who and what we really are, but that also paralysed us in terms of what we can do to strengthen the moral fabric of our society.

In this paper I will attempt an analysis of our moral fabric in order to develop an understanding of the individual variables, as well as the institutional aspects that support, or in some cases undermine, morality in the South African workplace.

## 1. PERSONAL FACTORS

Identifying the specific personal or individual factors that influence the moral fabric of the South African workplace is complicated by the fact that in South Africa, very little research has been done in this regard. It is an area that represents an important challenge for both local scholars and managers.

To facilitate my analysis I have selected a number of factors that international research has shown to be of particular significance with regard to individual moral behaviour in the workplace.

Other factors such as gender, age, etc. would also be relevant here, but international research on these aspects is less informative because of the specific content that these variables have within the South African context. I will therefore limit my references to international and local research that is meaningful and useful for the South African context.

How these factors may apply to South Africa and how they will take on a unique contextual manifestation within the South African context is for us to determine in the course of these discussions. This paper will, however, offer a number of suggestions on the specific issues that need to be addressed in the process of strengthening the moral fabric of the South African workplace.

### 1.1 Moral decision-making skills

Some theories see moral decision-making skills as the direct result of the individual's level of moral development. The following table indicates the five stages in Kohlberg's development model as well as the difficulties pertain-

ing to the issue of moral decision-making that may be encountered in each phase.

**Stage 1:** Concern for obedience and punishment.  
**Problem:** The individual tends to fear legal penalties, but finds loopholes.

**Stage 2:** Concern for cooperation with others for the benefit of self-interest and reciprocity.

**Problem:** Since bargains are struck in self-interest, he/she tends to sell to the highest bidder.

**Stage 3:** Concern for enduring personal relationships.

**Problems:** Conflicts of interest and risks of nepotism may arise.

**Stage 4:** Concern for law and duty.

**Problem:** No discretion can be allowed and this leads to inefficiency because of reliance on systems and red-tape.

**Stage 5:** Principled reasoning.

**Problem:** Hypothetical reasoning tends to idealise and set too high ideals; cannot bring principle to shed light on a specific situation.

According to Kohlberg, Stage 1 constitutes the lowest level of moral development and Stage 5 the highest and most desirable. Individuals who are at the fifth stage of moral development are therefore less likely to be tempted into moral compromise.

However, the fact that each of Kohlberg's phases presents risks in terms of unethical behaviour, undermines the assumption that individuals on Kohlberg's highest level of moral development are more likely to be beyond moral temptation than individuals in Stage 1. Another interesting bit of research regarding individual moral decision-making, found that a person might be enticed to behave in a less ethical manner over time.

Baack, Fogliasso & Harris (2000:45) discuss typical scenarios indicating how morals erode. They describe how, for instance, taking home office supplies or making unauthorised long-distance phone calls are rationalised through the thought that they are minor or insignificant costs to the organisation. Over a period of time, the thievery becomes more serious in nature, because what is considered a "minor cost" includes much more than before. This means that the individual can rationalise serious theft, because his/her conscience allows for greater

incongruity between feelings of "right and wrong" and actual behaviour.

Kohlberg's linear theory of moral development has also been fiercely criticised by feminists such as Carol Gilligan because of its Western, rationalist and sexist assumptions. Gilligan advocates a more intuitive ethical model, which operates according to what she calls an "ethics of responsibility and care". We would like to argue that one needs both strong principled reasoning skills and an intuitive response towards others on the basis of one's care and responsibilities towards others.

An approach is therefore required that not only improves and reinforces but also expands the range of individuals' moral decision-making skills. This would involve teaching employees as many moral decision-making strategies, tools and techniques as possible. Such an approach draws on a variety of different ethical approaches and would address all levels of moral development. It would also appeal to both the linear ethical models advocated by Western males and the more intuitive "ethics of responsibility and care" models suggested by feminists such as Carol Gilligan.

The preferred methodology in such an approach would be one that exposes employees to a variety of ethical approaches and allows them to develop their own decision-making model. Individuals who prefer to refer to rules or who view rules as applications of universal principles, might prefer a deontological approach to ethics. People who base their ethical decisions on the outcomes of their actions, might opt for a more teleological approach, arguing that the end justifies the means. Virtue-based approaches allow individuals to decide what kind of a person they want to be or what sort of character they want to nurture within themselves. Narrative-based approaches use narratives, such as the Christian narrative, to provide moral perspectives. It is up to the individual to decide which approach makes the most sense in a specific situation. Some ethical decision-making tools combine these approaches by taking different angles on a moral dilemma.

One such tool is the ethics "quick test". It requires the employee to ask the following questions in order to ascertain the moral acceptability of specific behaviour:

- Is it legal?

- Does it comply with my company's or profession's codes?
- How would it look in tomorrow's newspaper?
- Does it comply with the Golden Rule: "Do to others what you would have them do to you"?
- How does it make me feel?

### **1.2 Religion**

The 1996 census (CIA World Fact Book 2000) showed that 68% of South Africans who indicated some sort of religious affiliation, considered themselves Christians. This seems to vindicate the perception that South Africa's population is religiously homogeneous. However, minority religions now receive protection under the current constitution and can therefore no longer be ignored in moral discourse. Furthermore, it needs to be acknowledged that the Christian religion has historically displayed many variations in terms of spirituality, confession and organisation. Therefore, even among those people who consider themselves Christian, many differences exist.

Internationally, only 16% of the world's population indicates no religious affiliation ([www.adherents.com](http://www.adherents.com)). If this trend is reflected in the South African population, religious affiliation should be acknowledged as an important component of people's moral configurations. The relationship between religious and ethical considerations in business has been confirmed by a survey of the interests of members of the Council for Ethics in Economics at Columbus, Ohio, United States (US) (Childs 1995:5). When asked how they viewed the role of personal religious belief and heritage in making business decisions, virtually all the business people involved agreed that it was "very important".

A sizeable study done by the Centre for Ethics and Corporate Policy in Chicago, US, also provided considerable evidence for people's need to integrate their faith and daily work (Childs 1995:6). According to Childs (1995:7-11), there is much reluctance in business circles to apply explicitly religious values in their professional activities. He attributes this to the long-standing dualistic assumption that spirituality and business belong in separate worlds. Yet one of the key moral issues businesspeople often identify is a need for "the

reintegration of the self and values in the workplace". This seems to indicate that businesspeople find the compartmentalisation of life troubling. The reintegration of peoples' lives is complicated by the fact that businesspeople often have a stereotypical view of churches that considers them out of touch with "the real world" and therefore incapable of understanding.

In order to initiate dialogue between the church and the working environment, Childs (1995:2-9) identified a number of areas in people's professional lives that are influenced by the religious convictions that underlie their basic moral considerations. These areas include: the purpose and meaning of life and human society and the individual's sense of vocation; the intrinsic purpose of business as an expression of social relationships and activities and the way in which business fulfils its responsibilities towards and within this social structure; and the guidance that religious principles provide with regard to the way an individual should think, talk and behave in his/her everyday life (Childs 1995:8).

Religion can assist in restoring the individual's sense of being part of, and making a contribution to, a broader society. This will not be possible if churches remain content with ministering only to people's private lives and addressing issues of personal morality. In doing so, churches run the risk of becoming a refuge and providing a last vestige for conservatives who want to isolate themselves from the new dispensation. The dichotomies between public and private, science and religion and fact and value, need to be undermined by means of a more holistic perspective on life. I am quite certain that if churches start addressing these concerns it will not only make religious institutions more relevant in the broader South African society, but will also make a considerable contribution to the moral reconstruction of our nation.

### **1.3 Culture**

Researchers such as Lane, DiStefano & Maznevski (1999:31) have analysed various societies throughout time in order to determine what kind of value-orientation their cultures displayed. In doing so, they have identified six variables with regard to which these cultures could be differentiated. These variables also

offer us valuable insights into how an individual's cultural orientation could influence his/her moral decisions. The six variables include:

- relation to nature
- orientation to time
- belief about human nature
- mode of human activity
- relationships among people
- use of space

Lane, DiStefano & Maznevski (1999:37) distinguish three possible variations in a culture's relation to nature. Cultures may have an attitude of subjugation towards nature, live in harmony with nature or seek mastery over nature. These attitudes may exert an important influence on people's professional lives. People with an attitude of subjugation to nature may, for instance, be more qualified, hesitant and vague in their assessment of unethical behaviour, because they believe that certain things are inevitable and cannot be determined by us as humans. Someone with an attitude of mastery, however, may be more specific, confident and unambiguous in his/her goal setting.

When it comes to cultures' orientation towards time, Lane, DiStefano & Maznevski (1999:39) identify three orientations: namely, past oriented, present orientated and future orientated. When one considers traditional African cultures and certain Eastern cultures, one may have to add a cyclical orientation to time as well. These orientations to time influence the way in which people work. At work, people who are oriented towards the past may seek an extension of past behaviour, while those orientated towards the present may seek short-term solutions and those oriented to the future may seek long-term solutions.

The third issue relates to variations in the way in which human nature is perceived. Cultures may view human nature as basically evil, as neutral or mixed, or as positive and good. Control systems, management style and organisational climate may all be influenced by a person's cultural orientation in this regard. If one believes that humankind's basic inclinations are fundamentally good, one would probably opt for loose, information-based control systems, choose laissez-faire, participative management styles and prefer collaborative, informal organisational climates.

The fourth aspect that cultures differ on is their preferred mode of human activity. Lane,

DiStefano & Maznevski (1999:43) distinguish three focuses of activity. The first is being, the second containing and controlling and the third is doing. The being mode has the following characteristics: it allows emotional decision-making, it prefers a feelings-based rewards system, is spontaneous and is satisfied with vague, feeling-based and intuitive measurement systems. In cultures that prefer containing and controlling actions, the decision-making criteria is rational, logic-based, concerned with balanced objectives as desired outcomes and prefers the use of complex, qualitative and broad measurement systems. The doing mode has pragmatic decision-making criteria, is results-orientated, compulsive and uses simple, operational measurement systems.

Cultures also differ with regard to the way in which they view relationships among people. The three basic orientations described by Lane, DiStefano & Maznevski (1999:46) are hierarchical, group-orientated and individualistic. These orientations impact on organisational structure, communication and influence patterns, reward systems and teamwork within organisations. For instance, in cultures that have a hierarchical orientation, the organisational structure tends to be based on vertical differentiation, its communication is authority-based, its rewards are status-based and its teamwork is regulated and formal. Cultures that prefer individualistic relations opt for informal, flexible behaviour *vis-à-vis* structures, their communication patterns are multiple, as-needed and open, their reward system is individually based and teamwork is voluntary and informal.

One more aspect with regard to which cultures may differ is their spatial orientation. Lane, DiStefano & Maznevski (1999:48) identify three possible orientations: namely private, mixed and public. Cultures with a private orientation prefer one-to-one and secret communication patterns, their office layout places emphasis on barriers and privacy and their interaction patterns are physically distant, one-to-one and serial. The public orientation in turn displays wide, open communication and influence patterns, they prefer office layouts that are open and interactive and their interaction pattern is physically close, with frequent touching and engaging in multiple relations.

It is clear then, that cultural factors exert a significant influence on the value orientation of

individual employees. However, there is another important point to be made in this regard. There seems to be a lingering perception among businesspeople that cultural differences lead to incompatible values and dangerous dis-sensus. This perception is often accompanied by one of two extreme reactions. The one is a neo-conservatist tendency towards isolation; the other an attempt to subject cultures to a kind of melting-pot process. Neither approach represents a positive contribution to the reinforcement of the moral fabric of South African society. We need to accept cultural diversity as an unavoidable feature, and indeed a positive resource in the South African workplace and utilise it to keep the moral debate in the workplace alive. Of course, every organisation needs to establish certain ground rules in order to be able to function effectively. However, these ground rules will be anything but effective if they are culturally insensitive or if those to whom they apply are excluded from the process of their establishment.

#### **1.4 Peer group pressure**

Some empirical studies conclude that the behaviour of a person's peers is the best predictor of his/her ethical conduct. It is thought that individuals' perceptions with regard to their peers' behaviour influence their unethical behaviour more than their own ethical beliefs. Some studies indicate that a group's capacity for ethical decisions exceeds the average capacity of its individual members. Groups composed of individuals with similar levels of ethical judgment tend, however, to make poorer ethical decisions than the average of the individual members. This attests to the dangers of homogeneous groups. Groups composed of diverse individuals, on the other hand, tend to improve their level of ethical decision-making compared to the average of the individual members in the group. Once again, this seems to indicate that we can use diversity within groups as a positive resource for fighting unethical behaviour. Questioning unethical group expectations and practices within an organisation represents a crucial first step towards creating ethical awareness. Those individuals who display the best ethical reasoning skills tend to exert the greatest influence on the group process (ICAC 1998:8). The development of ethical reasoning skills among senior managers

is therefore of particular importance. These individuals need to be seen as role models, or ethics champions, who can serve as mentors to new or less experienced employees.

#### **1.5 Personality**

Since this is not a psychological study, it will not go into too much detail about the influence of various personality traits on moral decision-making. Suffice to say that researchers have suggested that certain personality traits may influence ethical behaviour. These traits include ego strength, Machiavellianism and locus of control. Socialisation also plays a role in an individual's ethical behaviour and co-determines his/her value system and style of moral decision-making (Van Zyl & Lazenby 1999:15).

Fritzsche (1997:89) described a number of relevant personality variables in detail. He identifies three personality traits that act as moderators of an individual's personal values in decision-making activities. They are ego strength, field dependence, and locus of control. Ego strength is actually another term for self-confidence and is strongly associated with personal beliefs. A person with high ego strength relies more on his/her own values and is therefore less likely to be influenced by others. Field dependence refers to the extent to which an individual tends to make use of information provided by others to clarify issues when situations are ambiguous. People with a high field-dependency may therefore make decisions in the workplace that are likely to deviate from similar decisions they would make outside the organisation when they do not have access to others' information. Field independent persons are more likely to limit the information they use in making decisions to information they already own (Fritzsche 1997:91). Locus of control reflects people's understanding of the control they have over life's events. An "external" believes that destiny, fate or luck controls life's events. An "internal" believes that he/she can control life's events by his/her own actions. Persons with an internal locus of control are more likely to feel a sense of responsibility for results and are more inclined to rely on personal values to guide their behaviour (Fritzsche 1997:91).

These variables cannot explain an individual's moral decision-making on their own.

They always function in interaction with a variety of other factors that influence the individual. More research on this aspect and its interaction with other risk factors in the specific context of South Africa is necessary.

### **1.6 The nature of the position held by an individual in an organisation**

The seniority of the post a person occupies and the measure of authority he/she exercises influences the risk for unethical behaviour. The more discretion a person has to exercise in the course of his/her work, the easier it will be for this person to commit corruption.

As Klitgaard's (1998:3) metaphorical formula states:  $C = M + D - A$ , or Corruption (C) equals monopoly power (M) plus discretion (D) – accountability (A). Taking due care in delegating discretionary authority is of extreme importance. This includes vetting procedures, and other mechanisms as part of employment practices.

Van Wart (1996:526) argues that employees often experience problems with role definition. He ascribes this to what he calls "role interests". Role interests require employees to balance a number of competing objectives. Van Wart identifies five competing role interests: public interest, legal interest, personal interest, organisational interest and professional interest. As part of the social fabric of society, business is expected to serve the common good of the public. At the same time, however, every corporation has to protect its own interests, as well as those of its employees and stakeholders. It also has to be remembered that employees are human beings who have to accommodate the personal interests of family and friends, while coping with financial and social problems. As citizens of a new democracy, all South Africans also have special legal interests with regard to upholding the Constitution. When one considers in addition to all of this the professional requirements and codes of conduct that individual employees are expected to adhere to by virtue of their professional training and obligations, the complicated nature of the ethical challenges that many South Africans face come into focus.

## **2. INSTITUTIONAL FACTORS**

### **2.1 The influence of institutional factors on moral behaviour in the workplace**

Many managers still argue that the best way to

manage ethics in organisations is to focus on the individual. They argue that the individual's level of moral development and ethical sensitivity are the primary sources of ethical behaviour. In this view, unethical behaviour is not seen as a systemic problem, but is usually ascribed to a few individuals within the organisation who refuse to function according to the rules. If it is merely a question of a few rotten apples, then unethical behaviour is easily eradicated by simply eliminating the individuals responsible for it.

There has, however, been mounting criticism against this line of reasoning. For instance, James (2000:44) argues that the ethical sensitivity of the individual is neither necessary nor sufficient in fostering ethical behaviour in organisations. Corporate culture and the formal structure of the organisation have a significant impact on the moral conduct of individual employees. An organisation's culture or "informal" ethos is constituted by the shared values and beliefs of its members, as well as group norms, embedded skills, heroes, rituals and myths, and the language of the organisation.

James (2000:45) identifies a number of aspects with regard to the structure of an organisation that require special attention:

- The structure of monetary (salaries, cash bonuses and prices, stock options, etc.) and non-monetary rewards (promotions, public recognition, non-monetary prizes). Incentive programmes should not inadvertently reward the kinds of behaviour one wants to avoid.
- The performance evaluation, monitoring and control processes for individuals and business units. Performance objectives must be feasible, verifiable, clearly communicated and reflect ethical standards. Unreasonable pressure and expectations lead to unethical conduct.
- The systems of partitioning and assigning decision-making rights and responsibilities to workers, including job design and level of empowerment.

The findings of Ethics Resource Centre's (ERC's) Business Ethics Survey (1998) highlighted the extent of organisational pressure on employees. It found that nearly half (47%) of the 747 human resource professionals surveyed said that they feel pressured by other employees or managers to compromise their organisation's standards of ethical business conduct in

order to achieve business objectives. The most common pressures were to:

- meet overly aggressive financial or business objectives (50%)
- meet schedule pressures (38%)
- help the organisation survive (30%)
- do as one's colleagues do
- resist competitive threats.

Other significant sources of pressure included: the need to save jobs, career interests and peer pressure.

There are also institutional factors that may contribute towards the perpetuation of unethical conduct in an organisation. These include a whole range of factors, from a lack of support and protection for whistle-blowers, to ineffective ethics programmes. The 1999 National Business Ethics Study conducted by the Hudson Institute and Walker Information indicated that the majority (60%) of employees who saw or knew about a violation did not report it. Participants to the study provided a number of reasons for not reporting actual observed misconduct:

- They did not feel the organisation would respond.
- The lack of an anonymous and confidential means of reporting.
- Fear of retaliation from management.

Institutional efforts to eradicate unethical behaviour are often hampered by inadequate and ineffective ethics programmes. According to Lordi (2001:58), this is true for both large and small organisations. He identifies shortcomings in three key areas of ethics programmes: external communication and reputation management; internal communication and awareness management; and enforcement review and remediation processes.

The PricewaterhouseCoopers (PWC's) 1999 survey clearly indicated the extent of these shortcomings. In terms of internal communications and awareness, less than 10% of survey respondents reported that ethics had been incorporated into their organisation's mission statements. Only 30% indicated that ethics policies had been incorporated into their procedural manuals. Less than half (45%) indicate that professional conduct education had been integrated into their formal training programmes. Most companies do not have any formal assessment process in place to measure awareness of the firm's professional conduct policy. Most

companies also neglect employee monitoring controls and detection systems. These factors significantly diminish the effectiveness of a company's ethics programme. Most employees justify their decisions by preconventional reasoning, such as a fear of punishment or the expectation of some form of a reward. According to Adams (2001:201), individual employees' moral deliberation is often influenced by their organisation's reward system and their dependence on that system.

Therefore, an organisation that fails to link ethics to its mission, does not include ethics in its procedural manuals, and allows the perception to develop that ethics is not part of "real training", cannot expect its employees to consistently perform their duties in an ethically responsible way.

## **2.2 Suggestions as to what can be done institutionally to facilitate responsible ethical business conduct**

Proper ethics management is becoming crucial within the context of business as the risks involved have grown in number, complexity, likelihood and significance. A 1999 Arthur Andersen study on "Ethical concerns and reputation risk management" identified a number of factors that increase business ethics risks. For instance, management delayering and cost cutting lead to the loss of valuable experience and to a situation where fewer managers are expected to do more, with less. Increasing globalisation leads to the creation of more complex organisations that operate in diverse cultures and jurisdictions. Similar structures are created by merger and acquisition activity. The increasing rate of change of business activity has led to increased uncertainty, which in turn has made it difficult for employees to "keep up". Increasing use of new technology has also led to the reduction of opportunities for effective communication among employees and managers.

In order to design effective strategies towards combating unethical behaviour, an organisation needs to ascertain which forms of misconduct are most prevalent among its employees. According to the ERC survey, the most common misconduct observed in American workplaces are: lying to supervisors (45%); abusing drugs or alcohol (36%); lying on reports or falsifying records (36%); conflict of interest

(34%); and stealing or theft (27%). The 1999 National Business Ethics Study undertaken by the Hudson Institute and Walker Information found that unfair treatment of employees was the most common ethical violation in US organisations, followed by lying on reports or falsifying records, lying to supervisors, stealing from one's employer, the non-disclosure of conflicts of interest, sexual harassment and drug or alcohol abuse. The PWC survey on Corporate Conduct and Professional Integrity in the Investment Management Industry (1999) found that personal trading, insider trading and fraudulent financial reporting were areas of "high concern" and that 60% of the senior executives interviewed feared conflicts of interest.

### *2.2.1 Build organisational structures with integrity*

International experience has shown that compliance and control measures need to be supported by a values-driven approach that teaches individuals discretion and moral decision-making skills. Many US organisations have opted for proactive programmes, which balance compliance and value-based approaches to great effect. The US authorities have adopted certain legal measures that support this strategy. The Federal Sentencing Guidelines (FSG) set out a number of minimum requirements with regard to ethics programmes in organisations, which US companies are expected to adhere to. The Guidelines provide for structured flexibility by identifying seven criteria for a decent ethics and compliance programme. The FSG sets its sights beyond mere legal compliance and therefore encourages US organisations to manage ethics proactively within organisations. It therefore acknowledges both the organisational and personal factors that might influence ethical decisions (Palmer & Zalhem 2001:79). The guidelines are:

- Establish compliance standards and procedures.
- Assign high level individuals to oversee compliance.
- Exercise due care in delegating discretionary authority.
- Communicate and train all employees regarding company values and compliance procedures.
- Monitor, audit and provide safe reporting systems.

- Enforce appropriate discipline with consistency.
- Respond to offences and prevent reoccurrence.

Compliance should fit into a larger sense of business purpose and operating values. Instead of a "gotcha" attitude, a culture of shared responsibility should be established in which people's discretion is a valued resource in maintaining ethical standards (Rion 1999). The value of this approach was confirmed by an Arthur Andersen study (1998), which showed that those programmes that focused on employees' understanding of ethical values and culture were more successful than those which employees experienced as mere control mechanisms and which focused exclusively on detecting and punishing wrongs. In empowered environments, "belief systems" are a crucial dimension of ensuring compliance (Simons 1995). It is important that employees should do more than merely follow the letter of the law. They should also be able to determine the spirit of law. This means that they have to understand the reasons for the existence of rules.

An Arthur Andersen study (1999) identifies a number of factors that influence the effectiveness of an ethics or compliance programme within an organisation:

With regard to the formal characteristics of the programme, these factors include the:

- familiarity of the employees with the contents of the code of conduct
- frequency with which employees refer to the code of conduct for guidance
- presence of a formal mechanism to raise issues or get help
- inclusion of ethics and compliance issues in employee performance appraisals.

With regard to how the programme is followed through, the organisation should:

- make efforts to detect violators
- follow up on reports of ethics and compliance concerns
- ensure consistency between its ethics and compliance policies and actual organisational practices.

With regard to the ethical culture that exists within an organisation:

- executive leadership pays attention to ethics
- supervisory leadership pays attention to ethics
- employees are treated fairly

- there is openness and regular discussion about ethics and values within the organisation
- ethics and values are integrated into organisational decision-making
- ethical behaviour is rewarded and unethical behaviour punished
- the organisational focus is placed on employees, customers and the community, rather than on self-interest.

KPMG's Organisational Integrity Survey (1999) found that employees believed that organisational integrity could be improved by: incentives and rewards for adhering to company standards (51%); stronger commitment from top management (50%); more time and resources to perform their jobs (50%); stronger support for raising questions and concerns internally (48%); and increased communication and training (46%).

**2.2.2 Developing an effective code of conduct**  
Codes of conduct or business conduct statements are often seen as the foundation of corporate ethics programmes. Yet these codes easily become mere decorations against the wall if it does not form part of the broader company mission. According to Berenbeim (1999:16), two objectives should be met by effective codes:

- It should improve employees' capacity for making decisions that are in accord with corporate policy and values.
- It should give concrete expression to the company's sense of mission and its view of the duties and responsibilities that corporate citizenship entails.

Effective codes of conduct generally display the following characteristics, they:

- are easy to read
- are practical and relevant for each market
- are values-based
- supply sufficient guidelines and parameters without going into excessive detail.

An effective code of conduct is one that has an impact on employee behaviour. It does so by underscoring the fact that ethical behaviour is a company priority. It therefore provides psychological impetus to the perceived negative consequences of unethical behaviour (Adams et al 2001).

Codes fail for a variety of reasons. One of the most common reasons is that the code is often

not distributed to all employees. For instance, very few companies distribute their codes to contract workers and suppliers. Another prominent reason for code failure is that internal stakeholder groups are not allowed to contribute sufficiently to its development. The result is codes that are out of touch with reality and that contribute towards a feeling of employee cynicism (Arthur Andersen 1999).

### *2.2.3 Introducing an effective training and awareness programme*

It is impossible to legislate every aspect of employees' behaviour at work. There are so many variables involved in every day business activities that it is difficult to predict, let alone control, the behaviour of individual employees. It is therefore of crucial importance that employees be embued with a sense of moral responsibility. This is not accomplished by teaching them to follow a set of rigid rules. Instead, employees should be taught to think for themselves. They need to understand the principles or values underlying desired behaviour.

Principles are not directives to action but rather suggestive of actions. We therefore need to reconstruct our moral rules. This does not mean throwing away rules – the intelligent alternative is to revise, adapt, expand and alter them (Rosenthal, S.B. 2001:28-31). This is necessary because humans' experience of value emerges as both shared and unique. It is the result of the plurality of values emerging from our embeddedness in a natural world. We need to bring people to understand the origins of their own moral values. This process empowers them to make responsible decisions based on their own continually changing, expanding and strengthening value system. In fact, education properly understood is itself moral in nature; it nurtures the capacity to participate in ongoing self-directed growth.

Ethics training programmes that fail are often those that are restricted to top-down communications of ethical standards and resources. Effective training and awareness programmes, on the other hand, allow employees to develop their moral awareness and ethical decision-making skills by allowing them to participate and contribute to the process. These programmes could include valuable other training resources that are often not utilised. Such resources are:

- practical application of standards to real-life situations
- sharing of participant experience: peer-to-peer discussions
- teaching of decision-making models and frameworks, including insights into the factors that influence people's decision-making
- developing an understanding of previous cases of poor ethical decision-making and unethical conduct.

### **3. NATIONAL INTERVENTIONS**

If efforts to reinforce the moral fabric of the South African workplace on a personal and institutional level are to succeed, the public sector needs to assume a leading role. National and local government needs to create a context which facilitates and supports ethical practices both within its own structures and procedures, as well in the South African workplace at large.

Shan-Jin Wei (Berenbeim 1999:11) argues that dysfunctional governance in the public service is often both the cause and the consequence of large-scale corruption. Wei proposes a number of measures designed to combat the occurrence of unethical economic activity at a national level, as well as measures to keep its house in order:

- *Limit governmental discretion in economic regulation.* Complex regulation, which includes significant official involvement and discretion, allows government officials to extract "rents". His research indicated a positive relationship between the corruption index and the government regulation index.
- *Improve civil service compensation.* In a Transparency International survey, 65% of representatives of countries that reported an increase in corruption cited "low public service salaries" as one of the main reasons for corruption.
- *Institute better civil service recruitment and*

*promotion systems.* Civil service quality is directly related to procedures used for recruiting, assessing and promoting its practitioners. Nepotism, patronage and outright purchase of positions are the breeding ground for corruption.

- *Support and strengthen the independence of agencies that expose, prosecute and punish corrupt practices.* The critical components are an independent judiciary, a free press and democratic processes.
- *Use international organisations and harmonisation of anti-corruption laws to increase pressure for local efforts to fight corruption.* International organisations can provide technical assistance and valuable benchmarking standards.

### **CONCLUSION**

In considering the variety of factors that contribute towards unethical practices in the workplace, it becomes clear that a holistic and coordinated effort is necessary to combat these tendencies. It is an effort that requires the experience and expertise of a number of individuals and institutions scattered throughout the country.

The challenge that faces us today is to determine how we might best cooperate and coordinate our efforts in order to fight the problem on as many fronts as possible. We need to utilise the knowledge and skills of our religious and tertiary institutions if we are to address the personal, individual factors involved in unethical behaviour.

We have to work with and support the private, public and non-governmental organisation sectors in their efforts to create ethical institutional structures and policies. And most importantly, we have to work together and support one another in the process. This conference provides us with the opportunity to do just that.

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# Public Service Commission: Problems, Initiatives and Research Challenges

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*Stan Sangweni*

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## INTRODUCTION

The re-building of the moral fabric of the South African workplace took a significant turn after the staging of two anti-corruption conferences – the Public Sector Anti-Corruption Conference (10–11 November 1998) and the National Anti-Corruption Summit (14–15 April 1999) – both held in Parliament, Cape Town, and organised by the South African government. Since then, focus has shifted from consciousness-raising about the existence and harms of corruption to concrete action against corruption, maladministration and waste – that is, translating the rhetoric of anti-corruption into implementing the resolutions made at the 1999 National Anti-Corruption Summit. This effort is geared towards fighting systemic corruption, redistributing the nation's resources to the deserving and rebuilding the moral fabric of the workplace.

This paper has two primary aims: first, it examines efforts made by government, particularly the Public Service Commission, in developing the ethical culture of the public service, to underscore the efficacy of ethics and to increase an organisation's effectiveness. Second, it explores the notion of "organisational commitment" as a system that identifies where the vulnerabilities to corruption lie and develops mechanisms to sustain the ethical health of an organisation. To conclude, the paper challenges organisations, especially government departments, to make as a priority the improvement of their ethical cultures. Focusing on ethics is not just about doing the right thing or being seen to do the right thing, it is a fundamental aspect and an integral part of good governance.

## 1. REBUILDING THE MORAL FABRIC OF THE SOUTH AFRICAN WORKPLACE

A discussion regarding the strengthening of the moral fabric of the South African workplace should begin with an analysis of the moral condition of our society. This is because unethical conduct in the workplace is largely shaped and conditioned by such behaviour in society. Corruption, weak leadership, nepotism, maladministration and poor service delivery in the South African public sector are prevalent problems, so are incidents of violent crime, incest, gang activity, urban terrorism, farm murders and taxi feuding in society at large. These are some of the major impediments to our constitutional imperative for a development-oriented public administration.

These conditions, which combine to threaten economic growth, the consolidation of democracy and national morale, will not be dealt with in any detail here. However, for the purposes of this discussion, it is useful to highlight the need for a multifaceted approach that addresses the problem of moral decay, which manifests itself at many levels and adapts itself to efforts to defeat it.

Former President Mandela was seized with this phenomenon and, to find a cure, he invited religious leaders in June 1997 to meet with him to discuss the root cause of the moral breakdown in the country.

This initiative resulted in the formation of the National Religious Leaders Forum (NRLF) which organised two morals summits at which religious and political leaders met to evaluate the causes of the problem and to seek necessary and feasible ways to solve these. A discussion

document issued by the NRLF in preparation for Morals Summit II expressed, *inter alia*, concern at the moral crisis which engulfs South Africa at this time and made a commitment to find a solution. It further conceded that:

“The condition of the moral fibre of our country is a major crisis demanding our joint effort. It can neither be blamed on one sector, nor solved by one sector. It is a challenge for us all to take up together.”

Six years into its new democracy, South Africa is under increasing pressure to be both productive and more effective – to deliver on the expected services such as health care, security, job creation, curbing corruption, and the like. Furthermore, greater demand for accountability is imposed on the South African government by a constituency that is becoming more politically educated and assertive of its rights. Flowing from this, it has been argued, and rightly so, that one of the major constraints regarding government’s effort towards achieving some of its objectives has been the widespread corruption that manifests itself “in high levels of crime, massive economic losses in terms of reduced income from taxes, revenues and other fiscal charges, loss of income from natural resources, losses through misappropriation of public assets and the general disrespect for authority and the rule of law”.

Increased concern about the declining levels of confidence in government, coupled with corruption, has resulted in government reviewing its approach to ethical standards which underpin all decisions and behaviour of public officials. From former President Mandela’s call to create an “RDP of the Soul,” to President Mbeki’s call to a “commitment to honest, transparent and accountable governance” and Minister Buthelezi’s “revolution of Goodwill”, a widening and deepening of the country’s commitment to rebuilding a strong moral culture is evident. Furthermore and most importantly, the South African Constitution, 1996 – especially Section 195 – commits the public service to the following basic values and principles:

- a high standard of professional ethics
- efficient, economic and effective use of resources
- a development orientation
- public participation in policy making
- accountability
- transparency and the provision of accessible

and accurate information to the public (1996, Chapter 10, 195.1).

Of relevance to this discussion, it should be noted that Section 196 of the Constitution (1996) requires the Public Service Commission, among other things, to:

- promote the values and principles set out in Section 195 throughout the public service
- investigate, monitor and evaluate the organisation and administration and the personnel practices of the public service
- give direction aimed at ensuring that personnel procedures relating to recruitment, transfers, promotions and dismissals comply with the values and principles set out in Section 195 (1996, Ch 10, 196.4).

It needs to be mentioned that despite this regulatory framework and the existence of numerous public protection agencies, instances of corruption, excessive waste and maladministration have been on the increase within the public service. Admittedly, the inherited legacy of apartheid is an important part of the explanation for this state of affairs, particularly in those instances where the new provincial administrations had to incorporate former homeland administrations. The Public Service Commission has, however, risen above the hurdles of the past and focused on factors which have been found to decrease the likelihood of unethical decision making in the workplace. The Anti-Corruption Campaign is one such factor.

## **2. THE ANTI-CORRUPTION CAMPAIGN**

This campaign dates as far back as October 1997 when a Ministerial Committee was mandated by Cabinet to make recommendations for a National Campaign Against Corruption. This became the foundation of the anti-corruption initiatives in South Africa and, in particular, in the public service. From this action by Cabinet there flowed the various anti-corruption initiatives which culminated in the National Anti-Corruption Summit (14–15 April 1999), during which a number of resolutions – some of which will be discussed later – were formulated. This summit was followed by the 9th International Anti-Corruption Conference in Durban during October 1999. The consolidated resolutions of the National Anti-Corruption Summit can be classified in to the three following themes:

- combating corruption
- preventing corruption

- building integrity and raising awareness.

These resolutions established the framework for further action. Considering the above, a question can be asked as to how far the public service has progressed towards implementing those summit resolutions. Indicated below are some developments with regard to the implementation of the summit resolutions.

### **3. EFFORTS AFTER THE SUMMIT**

Soon after the summit, the Public Service Commission established a National Anti-Corruption Cross-Sectoral Task Team (NACTT) to drive the implementation of the resolutions. From the NACTT recommendations, a 30-member non-statutory and Cross-Sectoral National Anti-Corruption Forum (hereinafter “the forum”) has been proposed for establishment. Its functions will be to:

- advise on and at national level coordinate the implementation of sectoral strategies for the prevention and combating of corruption
- share information and best practice on sectoral anti-corruption work
- advise sectors on the improvement of sectoral anti-corruption strategies.

The formation and launching of the forum is seen as a step in the right direction, as it is consistent with the call to make a joint effort to fight corruption, and will also free the Public Service Commission to assume its monitoring and evaluation role of the Anti-Corruption Programme.

Another positive development is the establishment of a whistle-blowing mechanism. In view of the value of whistle-blowing in the fight against corruption and as it is included as one of the summit resolutions, research is being conducted to study how a framework for an effective whistle-blowing programme in terms of the Protected Disclosures Act (2000) can be developed. Linked to this, there is a plan to establish hotlines that would serve to facilitate the reporting of unethical practices in all sectors of South African society. Presentations on whistle-blowing formed an important part of the Cross-Sectoral Anti-Corruption Workshops (aimed at developing joint strategies to fight corruption) which were conducted by the Public Service Commission in eight provinces during 1999/2000.

Research is also being conducted in the following two areas:

- The ethical dilemmas pertaining to the rules and guidelines which govern the public sector recruitment and selection procedures.
- Why the offering and acceptance of gifts and benefits is a problem for many public officials. Deciding where to draw the line between the proper and improper acceptance of gifts and benefits is certainly difficult.

Flowing from and related to the above, a collaborative effort between the Public Service Commission, KPMG and Transparency South Africa (T-SA) is under way to conduct an Ethics Survey. This survey was designed to establish a snapshot of current ethics practices of organisations across South Africa, as well as ethics trends now and into the millennium. This survey will also touch upon an assessment of the effectiveness of the Code of Conduct for public servants, with a view to making certain recommendations towards more effective implementation.

The foregoing also raises the question of the possible unexplained increase of wealth and assets of public servants. For this reason the Public Service Commission is the monitoring custodian of the Financial Disclosure Framework or Asset Register which monitors asset ownership and potential conflict of interest of senior public officials.

A recent study tour of the United States (US) to look into the American Accountability Agreement System added value to our own fledgling Asset Register system. This development, we believe, will certainly contribute to combating corruption.

As alluded to earlier, there is a sizeable number of institutions established to address the scourge of corruption in one way or another. While it is desirable that these bodies should cooperate, the feasibility and modalities for such cooperation should be determined. For this reason, the Public Service Commission is conducting an audit of these bodies (e.g the Public Protector, the Auditor-General, the Special Investigative Unit, the SAPS Anti-Corruption Unit, the National Directorate of Public Prosecution and others) to appraise their anti-corruption strategies with the aim of determining how improvements can be effected in the following areas:

- discipline at all levels of government
- investigation procedures
- prosecution of corruption

- rationalisation of agencies fighting corruption
- coordination and cooperation among the agencies.

The role of agencies also raises the role of departmental anti-corruption units such as the ones found in Home Affairs, Correctional Services and several provincial governments. All government departments are encouraged to establish such units as they have the potential to be very effective in investigating corruption and conducting internal audits. This in turn would make the monitoring role of the Public Service Commission as required in terms of the Constitution, 1996, much more effective.

The expansion of the ethics component in the Office of the Public Service Commission to also include the Risk Management Directorate, is yet another important development in the fight against corruption. The objective of the risk management strategy for the public service is to develop a management framework that will encourage best practice within an evolving government delivery strategy, while minimising the risks of corruption, fraud and waste of public assets. The Public Service Commission's Framework for Public Sector Risk Management is a positive and innovative step that will support the summit resolutions and assist public servants (especially) in achieving their objectives more efficiently.

Assessing the listed activities above, it is clear that progress has been made towards implementing the summit resolutions and thus transforming the public service. The Public Service Commission has presented a model that attempts to shift the status of ethics and values in the public service from being a necessary addition to being integral to the public service's activities. The aim is to assist government departments to reach a point where they instinctively use their agreed values to guide their operations, decisions and actions. There is a need for public servants to understand that there is value in aiming for high ethical standards not only for their personal life but because they will lead to higher overall performance.

#### **4. THE PSC's CHALLENGE: REINFORCING ORGANISATIONAL COMMITMENT**

The challenge for the Public Service Commission is to make this model, and advice in implementing it, as practical and useful as

possible. To this end we intend to pay specific attention to and reinforce the factors which need to be considered when thinking about the ethical tone of an organisation. International research literature presents evidence that it is important for the effective functioning of an organisation that staff satisfaction is high. Research conducted by Hunt and Nevin (1974 in Andaleels, NSW, 1996) found that job satisfaction results in higher morale, less conflict, greater efficiency, lower likelihood of seeking protective legislation and less staff turnover.

Another research study explored the relationship between the perceived ethical standards of managers and the job satisfaction of their staff. The finding was that when respondents perceived that successful managers were unethical, the respondent's level of job satisfaction was reduced. Satisfied respondents reported that successful managers in their organisations were ethical (Viswesaran and Deshpande 1996).

Other researchers (Hunt, Wood, Choko and O'Reilly 1989) found that commitment to an organisation was positively related to sharing the same ethical values as the organisation. O'Reilly defines this commitment to the values of an organisation or "organisational commitment" as an individual's psychological bond to the organisation, including a sense of job involvement, loyalty and belief in the values of the organisation. In short, "an individual's fit" with the organisational culture is related to commitment to the organisation, satisfaction and turnover.

Finally, from research conducted by the American Management Association in the mid-1980s, it was concluded that:

"While corporate loyalty has declined employees still wish for a bond with their organisation. They want to belong to something that they can believe in – a sense of high corporate ethical values appears to be one of those things they can believe in"

(Hunt et al. 1989: 166).

#### **CONCLUSION**

What the public service needs, therefore, is to develop a vision which would make ethical work practices the cornerstone of how things should be done and strengthen the ethical culture of the public service. This overarching vision should inform staff where all these efforts are actually leading to. It is equally

important for public servants to see how the new emphasis on ethics can improve the work environment and their work performance.

Once the ethical culture has been established, the next step is to come up with a strategy of maintaining that culture. What comes to mind here is an appraisal system which should recognise and reward ethical behaviour, while uneth-

ical behaviour is quickly and visibly discouraged.

The Public Service Commission will continue to urge all government departments to make improving their ethical cultures a priority, because it is the values and attitudes that exist within organisations, which shape systems and determine overall organisational effectiveness.

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# Civil Society: Problems, Initiatives and Research Challenges

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*Stiaan van der Merwe*

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## INTRODUCTION

The issue of ethics or the moral fabric/texture of South African society in general, and the South African workplace in particular, is indeed a rather complex matter. No single workshop or conference should aspire to address this definitively. Clearly, the organisers of this conference never intended such an ambitious project. It is, however, gratifying that there is a public discourse taking place on the matter and that different initiatives exist to contribute towards this discourse. I wish that this workshop will indeed contribute in its own way, not only in terms of academic or theoretical discourse, but in terms of concrete projects and actions. Finally, it is hoped that the different discussions, approaches and actions taking place around this topic will begin to interact with each other or, in some cases, continue to interact.

## 1. COMMENTS

Before addressing the essence of my topic, allow me to make the following comments. These are not presented merely for the sake of (esoteric?) theoretical purposes. Rather, they are presented in order to clarify language and thereby hopefully to facilitate understanding of each other (communication). Ultimately, the comments are made to assist us in our actions and strategies.

My apologies if some of these comments are perhaps obvious to some. It should be understood that these matters are raised in view of practical experiences in different discussions (conferences, meetings, workshops, private discussions) and in different contexts (public sec-

tor, private sector and organs of civil society). Notably, differences in approach and practical actions towards solutions are often related to different or sometimes limited understanding of basic issues.

- Issues of ethics and morality are not bumper sticker or sloganeering material. Without wishing to ridicule the use of bumper stickers, posters or slogans there is a need for systematic and comprehensive thinking on ethics.
- Ethics and morality is out of the religious closet. This means that religion and religious institutions are no longer the only guardians of morality or the only place where issues of ethics are being dealt with. It does not mean that religion and religious organisations have no place or role anymore. A redefinition of the space and role of/by such institutions needs to be found in discussion with different partners. Board rooms, offices, shop floors, sports fields, the streets where protests are being held, etc., are indeed becoming more and more the areas of discussion on ethics. Decisions and actions are increasingly required to be explicitly motivated in terms of particular values and the interpretation thereof. Hence the topic of the conference. As a result, all role players in the workplace should be empowered to deal with ethics, at least to raise the quality of these discussions.
- Ethics and morality in the workplace are not merely there for feel-good purposes or for organisational image and reputation management, neither should they be used for such purposes only. We should be aware that there is a “sting” in each value, in the sense that

values have the tendency to be very critical of those who uphold them and values should be allowed to play this role. Values, therefore, are not there to legitimise the status quo but to change the status quo in organisations and society at large. As such, it takes courage and sometimes pain to make an explicit issue of ethics in organisations and society. For example, integrity does not only have to do with following agreed rules or policies and abiding by certain values. Adhering to integrity in an organisation also includes the space for individuals to ask questions of conscience without fear of retribution or harassment.

- The choice of values, for example, for the purpose of an organisational statement of ethics is always interesting. The question is not what is found in such statements. The more interesting question is the exclusion of certain values. A concern to me is the disappearance of socio-economic justice from mainstream ethics-related discussions, documents and actions in society at large and in organisational ethics in particular.
- Ethics does not only deal with the behaviour of individuals and groups. Much emphasis is put on this aspect of ethics and should be appreciated. The drive to change attitudes, actions and behaviour of people (micro-ethics) is indeed important and difficult. However, the systemic or structural aspect of ethics (macro-ethics) is often left out of discussions, be that by default or design. The ethics of organisational design, price systems, service delivery, products, budget, socio-political and socio-economic structures and dynamics, also need to be addressed. These two aspects of ethics interact with each other, both within an organisation and in the interaction between what happens inside an organisation and what happens in the context within which an organisation operates. A critical example is the issue of business ethics or public sector ethics. Dealing with these without linking them to macro-economic and macro-political ethics could amount to the role of an uncritical chaplain in the apartheid army.
- Morality and ethics is not something which an ethics discourse or a code of ethics brings to different organisations. A texture or fabric of values (ethos) is inherent in each organisation and society. The current discourse is, or

should be, an effort to address (critique and change) this ethical dimension or ethos of each organisation and society, both in terms of the behaviour of persons or groups and in terms of the different organisational and societal structures we live in.

- Insofar as each organisation or workplace has an ethics dimension, ethics – or rather the ethos – is something that needs to be managed in an explicit way, like other dimensions or organisational aspects are managed such as finances, human resources, time, stocks, assets, reputation, marketing, etc. For this to happen, concrete managed strategies for the management of ethics need to be developed. These strategies consist of three elements or aspects:

*Input:* All formal policies and systems of the organisation (mission, vision, code of ethics, codes of conduct, constitution, policies and procedures, etc.).

*Day-to-day management and management support:* Each director/manager has to manage ethics just as each employee has to manage ethics within his/her respective area of responsibility. Support and assistance is needed for such purposes (e.g. buy-in by all stakeholders, ethics awareness training, ethical decision-making training, ethics help lines, ethics counsellors or ethics officers, etc.), notably for both hard and soft approaches and actions.

*Output:* Regular evaluation of the state of ethics, ethics practices and ethics management in an organisation.

- The ethics industry is alive and kicking. Many organisations want to be seen to have something of “ethics” in their management and organisation. Beware of cowboys who will sell you shoes without considering the health of your feet! We need to be able to discern the quality of services and products that are presented. Organisations should in particular be able to assess the value or usefulness of products that are presented within the context of an overall and comprehensive managed ethics/integrity strategy.

## **2. CORRUPTION, GOVERNANCE AND ETHICS**

With the above points in mind, we will discuss corruption, governance and ethics, as it relates to the workplace.

Corruption is a much more complex societal phenomenon or problem than what many are aware of or what some are prepared to admit. For most people, the problem of corruption seems to affect only the public sector and relates particularly to bribery or “kick-backs”. Bribery is indeed a big problem in the public sector and there is much justification for focusing on this issue.

The key issue of corruption is the societal issue of power, in particular issues related to public power and public interest. Unless this fundamental issue is addressed in an explicit and focused manner, acknowledging and addressing different aspects and dimensions, the problem will allude solution. (*See addendum 1.*)

Corruption is the abuse of public power and public interest for personal gain or for the interest of an exclusive (elite) group and at the expense of those who are supposed to benefit from the exercising of public power.

The problem manifests itself within the public sector, the private sector and in civil society. The way it manifest itself, particularly concerning financial issues, may be generic. However, different forms of the problem are found in different organisations and sectors.

Corruption within different sectors and different types of organisations is manifested at all levels. From personal interaction at community or even family/friend level, to provincial, national, regional, international and even transnational levels.

Once again, corruption is not only what individuals, groups or institutions do at these different levels, but also how systems (political, cultural, religious, economic, etc.) operate within organisations and society at large. We should not forget that colonialism and apartheid were massive systems of corruption. The problem was not only what individuals or groups did in these systems, but that these systems were in themselves corrupt and legitimised as such.

The values and ideologies driving globalisation – the role players and the effects on the workplace – need in-depth discussion.

As in other ethics discussions, this systemic aspect of corruption does not receive the requisite attention. In fact, I get the impression that discussions on corruption and globalisation are even actively suppressed, particularly when it comes to the political and economic corruption

that exists in the North–South dynamic. Some powerful role players in the North seemingly find it too close for comfort to address this aspect of corruption. On the other hand, institutions, agencies and organisations in the South either prefer not to deal with the issue or do not transcend the current limited understanding and approach to corruption.

Good governance does not only deal with the way government governs a country. The concept also goes beyond good corporate governance by directors or senior management. Good governance deals with the proper way of acting out public power and public interest, be that parents to children, a manager towards staff, a school prefect towards fellow learners, a private secretary, the president of a company, country or institutions exerting influence and power towards a particular public. It also deals with the governance structures in organisations as well as global economic and political governance.

The key ethical issue to be discussed here is the micro- and macro-ethics of power with particular reference to the ethics of public power and public responsibility. Focus on this theme must ultimately also be linked to the issue of socio-economic justice. Dealing with ethics in the workplace is not an end in itself.

### **3. CIVIL SOCIETY**

When focusing on civil society in South Africa it may be helpful to acknowledge the diversity of organisational interests or sectors/sections in civil society sharing the same overall goal. It is not a monolithic centralised sector of society. (*See addendum 2.*) This reality poses certain problems but it also provides challenges with lateral and creative possibilities in dealing with the issue of ethics in the workplace in a comprehensive manner.

#### **3.1 Organs of civil society as part of the problem**

In view of the above it would suffice to say that organs of civil society are certainly part of the problem with regard to difficulties related to the moral fabric in the workplace.

Civil society such as religious bodies, the media, and other organisations are often regarded as the conscience of society. Yet stories and experiences in many of these organisations must force us to look at the moral fabric of

individuals and that of our organisations. My particular concern is that of corruption (i.e. abuse of public power and public interest) in its various forms in different types of organisations: non-governmental organisations (NGOs), community-based organisations (CBOs), different sectors of NGOs and CBOs, religious organisations, sports organisations, the media, trade unions, etc.

### **3.2 Organs of civil society as part of a solution**

Just as much as the public and private sectors are part of the problems addressed here, they are also part of the solution. The same applies to organs of civil society. South Africa is blessed with a wide range and variety of civil society organisations (*see addendum 2*), which can in their own way contribute towards playing some role in addressing the issue under consideration.

In this respect, civil society should play its dual role as watchdog, i.e. to protect and support, as well as to criticise. This function is certainly directed towards itself and other sectors as well as expressed in the emerging broad and integrated strategy against corruption with the formation of the National Anti-Corruption Forum. (*See addendum 3.*)

## **4. PROBLEMS, INITIATIVES AND RESEARCH CHALLENGES**

### **4.1 Problems**

As indicated above, a full account of problems experienced in civil society cannot be provided here. This is not the occasion for it, neither will time allow for this.

One fundamental problem that needs attention, however, is for organs of civil society to address the issue of ethics and the moral texture (dimension) of the workplace in our different organisations. It cannot only be expected from government and the private sector to give attention to these matters. The basic theoretical issues addressed above and by other speakers need to be taken serious by all in this “third sector”. Codes of ethics need managed plans for implementation in order to be living documents in our organisations.

### **4.2 Initiatives and contributions**

The following broad-ranging initiatives need mentioning. (Omission of any similar or other

initiatives is not intentional. Institutions in tertiary educational institutions were excluded for the purpose of the paper.):

- The morals summit organised by the religious community where pledges were signed by political leaders.
- Different organisations including the South African National NGO Coalition (Sangoco) adopted a broad code of ethics. Plans are under way to ensure that it is more than a framed document.
- The envisaged civil society summit on corruption, governance and ethics later in the year. Provincial workshops will be held soon. Consultations with different sectoral structures of civil society will also commence soon. This workshop is part of the consultation with representatives from the research community. The overall aim of the consultative process is the development of a more coordinated alliance/network/front against corruption in the country from the side of civil society. Issues to be dealt with will include the understanding of corruption, cleaning up of the sector and the roles of different organisations and sectors towards an integrated anti-corruption strategy. The space for civil society was called for and created during the anti-corruption summit and the work done by a cross-sectoral task team into what will soon be launched as the National Anti-Corruption Forum. Civil society in all its formations is called upon to take up the issue of corruption, governance and ethics as particular areas of activism and involvement. Specific initiatives on ethics and ethics-related issues such as the following do exist:
  - Religious bodies meet hundreds of individuals and communities on a weekly basis, providing general ethics education. Ethical issues discussed here need to become part of, or a more prominent part of, this education.
  - Para-religious bodies and institutions promote general values and value systems of different religious groupings or religious concerns.
  - Different sectors in civil society promote particular values or sets of values (e.g. human rights, gender equality, anti-racism, the rights of disabled, socio-economic justice, good governance, consumer issues, democracy, social and ethical accountability by different organisations, environmental issues, etc.). Obviously there are cross-cutting and over-

lapping issues found in different organisations.

- Certain organisations (apart from religious institutions) specialise in the field of ethics such as ethics awareness training (e.g. NEED) in different types of organisations. EthicsSA concentrates on medical ethics and issues affecting that sector.
- Many or most of the organisations mentioned above have a research component, whereas other organisations focus exclusively on a variety of research issues, including ethical issues with different products. For example, the Institute for Security Studies is finalising an expert panel survey on corruption; a survey on ethics practices in the public sector, the private sector and civil society is currently jointly undertaken by KPMG, the Public Service Commission and Transparency – South Africa (T-SA).

The point is that different initiatives, services and contributions exist within organs of civil society. These and many others can contribute towards the improvement of the moral dimensions in society and the workplace – be that in the public or private sector or in organs of civil society.

## **5. RESEARCH CHALLENGES**

The following research challenges need mentioning in respect of civil society:

- Funding and capacity to do research. Research work and resource centres are the first activities that suffer when donor funding

diminishes in organisations. It is therefore challenging to maintain the relevance and impact of the research being done.

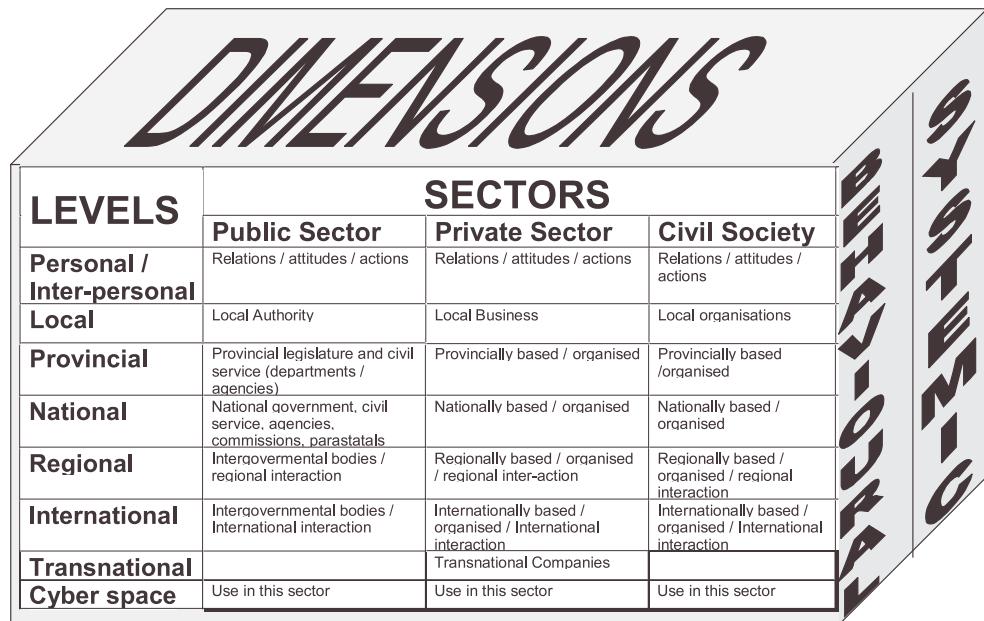
- Cooperation and rationalisation in research work. Given the diminishing financial and other resources to do research it is a challenge to civil society and other research institutions to see to what extent cooperation and rationalisation could be achieved.
- Further to the survey done on ethics practices, it is a long-standing ideal of T-SA to publish a regular well-researched and well-documented profile on corruption and good governance in South Africa in all sector of society. We hear a lot about the problems but little is publicly reported on good governance. In this way we would be able to get a clearer overall picture on the state of corruption and governance and ethics in the different sectors of society. In this way we can detect trends and tendencies for input into strategic and policy development.

A well coordinated effort, including individuals and research institutions, needs to be developed. Such an effort needs to take cognisance of the complexity of the problem. Different researchers and research institutions could do work in terms of their competence and lines of interest. There is so much work to be done for so many. The United Nations will embark on a “country assessment” on corruption with an emphasis on the public sector. This exercise needs to be sustained and extended.

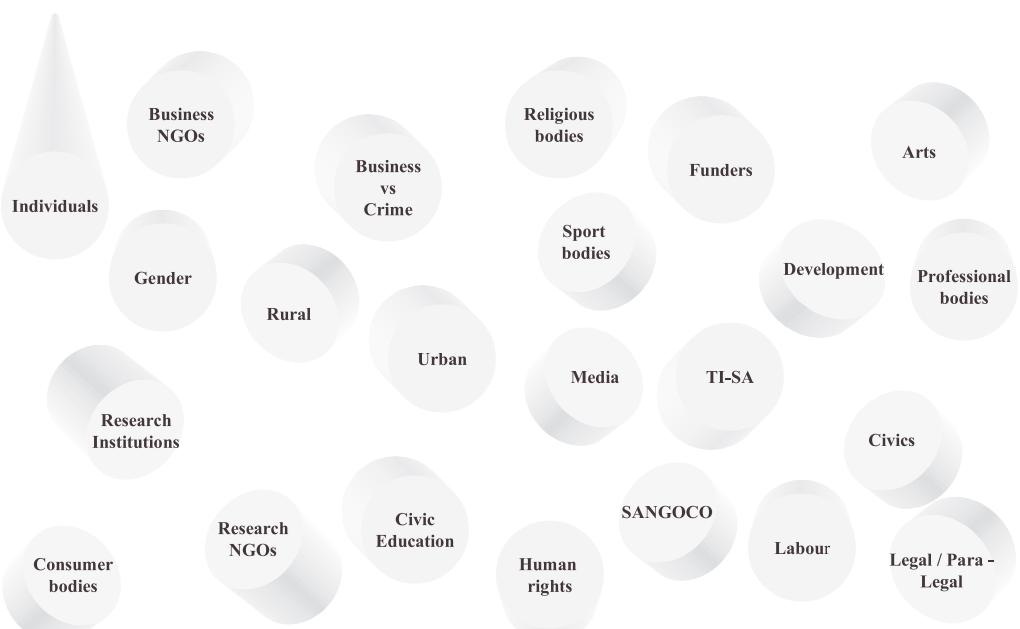
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**Addendum 1: Corruption and good governance “mind map”**

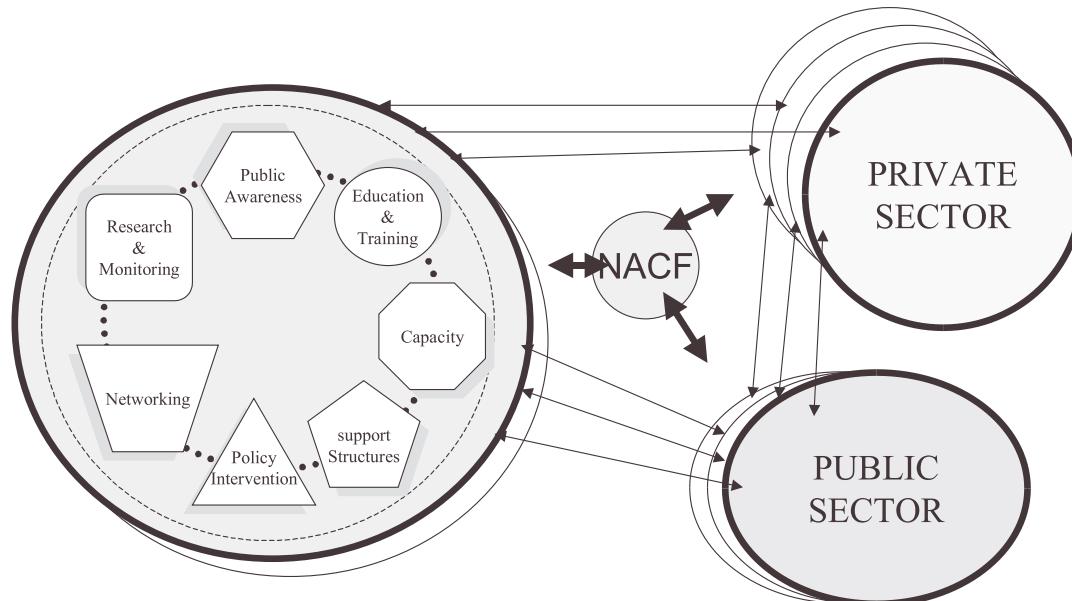
**Corruption=Monopoly+Discretion-Accountability**



**Addendum 2: Civil society – fragmented, though an asset**



### **Addendum 3: A concept – civil society’s participation in an integrated strategy on corruption, governance and ethics: The National Anti-Corruption Forum (NACF)**



# Role of Tertiary Education in Teaching and Research in Business Ethics in South Africa: Problems, Initiatives and Challenges

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*Gedeon Rossouw*

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## INTRODUCTION

Business Ethics as academic field in South Africa is in the midst of tremendous development. It is exciting to see how an academic endeavour that was not so long ago frowned upon, is now finding its way into the mainstream of academic activity in South Africa. The number of business ethics courses presented at tertiary education institutions in South Africa has been growing steadily over the past decade. This steady growth stream is currently picking up momentum to the extent that patches of "white water" are starting to show in this stream. It may still be too early to describe the current phase as a rapid, but we are undeniably drifting in that direction.

Compared to the rest of our continent, South Africa finds itself in a unique position. In a number of other African countries there are promising signs of a keen interest in business ethics and some business ethics courses have already been introduced – but it is still the exception rather than the rule. However, when South Africa is compared to the international academic community, its position with regard to business ethics is not unique at all. To the contrary, it is following a trend that has been in the making since the early 1970s.

The focus of this paper is firstly on what has already been achieved academically in the field of business ethics in South Africa. The emphasis will be specifically on what has been achieved thus far with regard to teaching and research in business ethics. The paper will, however, simultaneously take a longer look at and try to determine the challenges facing teaching and research in this field. By doing so,

some of the major challenges facing Business Ethics as academic field in South Africa will hopefully emerge.

## 1. TEACHING BUSINESS ETHICS

The first survey on Business Ethics as academic activity in South Africa was published in 1997 (Rossouw 1997). In 2000 the findings of a second survey on the status of Business Ethics as academic field in Africa was published (Barkhuysen 1999; Barkhuysen and Rossouw 2000). This second survey revealed that more than 80% of all academic activity in this field on our continent is concentrated in South Africa, and also emphasised the expansion of activity within South Africa since the previous survey.

For the purpose of this second survey it was imperative to find a working definition of business ethics that would indicate what the objects and objectives of this field of study are. In identifying this, the leading questions were: What is being studied in this field and how is it being studied?

The phenomenon or object that is being studied in business ethics is the ethical dimension of economic activity as manifested at three different levels. These three are the macro-economic, meso-economic and micro-economic levels. At the macro-level, the morality of economic systems is the main focus of study, while at the meso-level, the moral obligations of business at the institutional level is being studied. The focus is then on the moral obligations of business towards other societal stakeholders and institutions. Finally, at the micro-level the ethical dimensions of intra-organisa-

tional behaviour and decision making are the focus of study. It goes without saying that although these three levels of inquiry can be neatly and meaningfully distinguished, they are often intertwined in practice.

When it comes to the ways in which the ethical dimensions of these various levels of economic activity can be studied, once again, three different modes of study or inquiry can be distinguished. They are the descriptive, prescriptive and meta-ethical modes of inquiry.

In the descriptive mode, ethics is being studied in a social-scientific fashion with the purpose of explaining ethical matters and behaviour. The purpose of studies at this level might be to discern patterns and regularities in moral behaviour that can be influenced by managerial interventions. When business ethics is studied in prescriptive mode, the purpose of the study is to make reasoned theoretical judgements on the morality of specific economic actions. In meta-ethical inquiry, the focus of the study is rather about questions in ethics than on ethical issues themselves (cf. Chryssides & Kaler 1993:18). Assumptions underlying ethical matters and central concepts that relate to ethical issues in business are explored and clarified in this mode of inquiry.

When the above three levels of inquiry are combined with the three mentioned modes of inquiry, the focus of Business Ethics as academic field becomes clear (cf. Goodpaster 1985: 167, Becker 1992:111-114, Barkhuysen 1999: 39). It provides a framework (*presented below*) that can be used to capture and analyse the activity that occurs within this academic field.

	Macro-economic	Meso-economic	Micro-economic
Descriptive inquiry			
Prescriptive inquiry			
Meta-ethical inquiry			

A further feature of Business Ethics as academic field that also needed to be reckoned with in this survey is its multi-disciplinarity (cf. Shaw: 1996; Enderle: 1996:45 & 1997; DeGeorge: 1987; Trevino & Weaver: 1994). It was important to recognise that business ethics is not an independent discipline such as psychology, physics or philosophy, but rather an

area of study that is pursued by a variety of well established academic disciplines. It was thus assumed that components of business ethics can be expected to be found in the courses of a wide variety of academic disciplines. For this purpose, all the academic disciplines that contributed to the international discourse on ethics had to be identified. These disciplines provide the entry point for the search for academic activity related to business ethics.

### **1.1 Business ethics courses**

This survey revealed that by the end of 1999 a total of 67 business ethics courses were offered by South African universities and technikons. Of these courses, 53 are taught at universities and 14 at technikons. All the courses taught at technikons are undergraduate courses. Of those being taught at universities, 41 are offered at undergraduate level and 12 at graduate level. Teaching at business schools accounts for nine of these 12 graduate courses. Of the 67 courses, most are taught as sub-sections of other courses and the other, though independent, are also taught in host disciplines.

These business ethics courses are hosted in a variety of disciplines, such as Business Management, Human Resource Management, Philosophy and Law. Students get academic credit for all these courses.

As far as content is concerned, focus is mainly on normative and descriptive approaches at the micro- and meso-economic levels.

### **1.2 Challenges**

The survey revealed two problems related to the teaching of business ethics. The first relates to the purpose of teaching business ethics and the second to the lack of appropriate case studies.

Starting with the former, the survey revealed that participants were almost equally divided between two views. On the one hand, there were those who believe that the focus should be on understanding the ethical dimension of business. This is apparent from responses like the following:

“The aim is to examine some practical cases in business life in order to see how ethical implications are involved. Students are encouraged to understand the kind of ethical decisions that are involved in business.”

and

“A theoretical inquiry into the ethical dimensions of economic behaviour and practices.”

On the other hand, there were those who believe that the focus of business ethics should be on improving the behaviour of those involved in business. This is apparent from the following two responses:

“To promote honest behaviour and client trust. To safeguard clients.”

and

“Ensuring that managers lead by example so that employees make morally correct decisions.”

This divide in opinion on what the purpose of teaching business ethics should be, is an issue that requires the serious attention of all involved in teaching business ethics. Clarity on the purpose of a business ethics course is vital for determining the ultimate success of such a course.

If courses are only geared towards understanding the ethical dimension of economic activity, they might fall into disrepute for two reasons. First, they might fall short of the expectations of the business community that expects these courses to produce managers who will behave with moral responsibility and not merely managers who have more knowledge about ethics. Second, courses geared merely towards an understanding of ethics will also not be relevant to the needs of organisations. What organisations are looking for, are managers capable of managing the ethical performance of organisations. Such specialised managerial knowledge needs to be cultivated expressly. Theoretical understanding of business ethics on its own does not produce such managerial knowledge and skills.

The other objective that was revealed in the survey – i.e. that business ethics courses should be geared towards improving the moral performance of students – is equally plagued with serious questions. If the purpose of a course is to improve moral performance, its success should be judged accordingly. If courses cannot demonstrate that they are indeed capable of promoting moral development in students, they will ultimately lose their credibility as they do not deliver on their intended purpose.

Furthermore, for a course to in fact have an impact on the moral development of students, it needs to depart from traditional teaching meth-

ods as the ordinary lecturing mode is neither conducive to, nor does it create a fertile climate for, moral development.

Both for the sake of quality and credibility of business ethics courses in South Africa, it is essential that there be clarity on the purpose of such courses. In this respect, the following distinction between various purposes that business ethics courses could serve might be helpful. In the literature, three different positions with regard to the purpose of teaching business ethics can be discerned. They are: cognitive competence; behavioural competence; and managerial competence positions.

The purpose of teaching business ethics according to the *cognitive competence* position is to acquire the intellectual knowledge and skills to make proper judgements about the ethical dimension of economic activity. The emphasis is thus on acquiring those cognitive competencies that will enable one to identify, analyse, judge and evaluate ethical matters in business (cf. Shaw 1996:493). The emphasis in teaching will therefore be on theoretical constructs and cognitive skills that will enable one to perform these tasks properly.

When the acquisition of cognitive competence is regarded as the purpose of teaching business ethics, students will be expected to demonstrate that they have achieved sufficient levels of competence with regard to these cognitive competencies. This might entail assessing their knowledge about the theoretical constructs they have been introduced to and/or demanding of them to demonstrate that they can apply their acquired knowledge by analysing and evaluating specific cases and scenarios that might arise in business.

Seen from the *behavioural competence* position, the purpose of teaching business ethics is to develop the capacity of students to behave morally in a business setting. In contrast to the cognitive competence position, adherents of this approach argue that cognitive competence to deal with ethical issues in business will not necessarily translate into a willingness to behave morally as well. It is possible to score very high on cognitive competence and yet to be a poor ethical performer in business (cf. Coles 1995:68). What is needed to build the capacity for behavioural competence is attention to the affective, volitional and imaginative dimensions of ethics (cf. Whetstone 1998:188).

The emphasis in teaching business ethics with this behavioural purpose in mind inevitably shifts the focus from moral cognition to moral character.

When behavioural competence is regarded as the objective of teaching business ethics, personal moral development becomes the yard-stick of success.<sup>1</sup> Teaching will thus be structured in such a way that students will be provided with opportunities for personal reflection and growth. In contrast to the cognitive competence approach, emphasis is not merely on the demonstration of intellectual ability, but also on character-forming experiences that involve the volitional and affective dimensions of students.

The purpose of teaching business ethics from the *managerial competence* position is to enable managers or policy makers to extend their managerial competence to the ethical dimension of economic activity. The competence provided by both the cognitive and behavioural approaches discussed above is insufficient to deal with ethics in organisational settings. What is missing from both approaches is a specific focus on the organisation as a system of interpersonal interaction, and the skills needed to deal effectively with morality in such a systemic set-up. Neither the best cognitive competence in ethics, nor the best moral behavioural intentions can serve as a substitute for the competence to deal in an effective managerial way with ethics in organisations, as a different kind of competence is required – i.e. the competence to deal with ethics in a systemic and organisational fashion.

When managerial competence is regarded as the objective of teaching in business ethics, students will be expected to demonstrate that they can deal with ethical issues from an organisational perspective. They will be expected to demonstrate this ability with regard to real or imagined cases that they are likely to encounter in business. Opportunities will be provided to students where they can simulate managerial conduct. The focus will therefore be more on the managerial knowledge and abilities they will need in order to manage and coordinate collective moral behaviour in organisations.

Against the background of the above distinction about the different purposes of teaching business ethics, it is imperative that South African teachers of business ethics reflect carefully on their course objectives. The ideal

would be a course that integrates all three above-mentioned objectives. Each objective requires, however, a unique teaching strategies and teaching methods. Thus the choice of objective has important implications for the way in which such a course is to be presented. Reflection and clarity on the objectives of teaching has the potential of having the biggest impact on the further development of business ethics courses in South Africa.

The other challenge to the teaching of business ethics in South Africa relates to the course material currently available. A handful of textbooks on business ethics have been produced in South Africa: although these may need further improvement and development, a promising start has been made. We are fortunate in having access to a considerable number of business ethics-related publications, however, we are lacking home-grown case studies that can be used in conjunction with these textbooks. The use of mostly American case studies in courses does not contribute towards the relevance of business ethics in South Africa. Nor does it respect the unique situation that business finds itself in on the African continent.

## **2. RESEARCH IN BUSINESS ETHICS**

The above survey also registered the research output within the field of Business Ethics in South Africa. Below, the findings with regard to research will first be reported, followed by a discussion on three specific challenges facing business ethics research.

### **2.1 Publication record**

Most of the information on research output has come from database searches, although the questionnaires delivered 34 additional articles, books and unpublished dissertations not found on the databases consulted. A total of 167 publications were found, comprising 130 articles and 37 books or unpublished dissertations. The researcher was able to locate and analyse 110 of these articles and 26 of the books or unpublished dissertations.

The majority of articles (98 out of 167, or 59%) were published by South African authors, followed by authors residing outside Africa, and lastly by researchers from other African countries. The content of the articles focused heavily on descriptive and normative ethical issues. Meta-ethical issues in business ethics

were generally neglected. The few articles that did focus on meta-ethical issues were mostly written by authors from North America and Western Europe and by a handful of researchers from Africa.

The focus of most of these articles (42.2%) were at the micro-economic level, with the macro-economic level receiving the least attention. The articles that focused on the macro-economic level were, once again, written mostly by authors from outside Africa.

The vast majority of books and unpublished dissertations (24 out of 37, or 65%) identified were from South Africa. The focus of the books and unpublished dissertations followed a similar pattern with the majority focusing on the micro-economic level. Meta-ethical issues again received the least attention. These studies were mainly of a descriptive and prescriptive nature.

## 2.2 Challenges

An analysis of the research output within the field of Business Ethics revealed a number of challenges facing business ethics research in South Africa. Three of the most important challenges will be discussed here. They are the need for interaction among researchers, the organisational context of research and the sensitivity of business ethics research.

A first factor that is crucial for the development of research in this field is interaction among researchers. The development of knowledge in all fields is largely driven by the internal discourse among researchers. It is not hard to see why such interaction is conducive to the development of knowledge. Interaction within scientific communities ensures that individual members of those communities take note of what their colleagues have found and then build thereon (cf. Collier 1995:7). If this does not happen, they can waste their time on inquiries or infertile approaches that other members of that community have already explored. The interaction further ensures that new claims are scrutinised, debated and tested for acceptability. This process stimulates the refinement and further development of such claims.

Furthermore, in this process of academic inquiry as an ongoing communal dialogue, the obvious gaps in existing knowledge within a field, and thus the challenges facing a field, emerge. This in turn results in defining and pri-

oritising the agenda of future inquiry. All this testifies positively to the necessity of interaction for developing the knowledge base of any academic field, and negatively to the detrimental effect of isolation and a lack of interaction.

Business ethics is no exception to this rule. What has transpired from the survey is that till now, such interaction has been scarce and isolated with few conferences being organised. The absence of an academic journal devoted to business ethics in Africa further aggravates the situation. The recent establishment of the Business Ethics Network of Africa (BEN-Africa) might contribute towards more interaction and may alleviate the lack of interaction experienced to date. Also, establishing an own-African journal for business ethics should be given serious consideration as it can provide a much needed platform for sharing research findings. The formation of centres and institutes as well as regular seminars and conferences will also contribute towards more regular and sustained interaction.

Secondly, business ethics research is often handicapped by not acknowledging sufficiently the organisational context within which ethical behaviour occurs. Business ethical behaviour mostly happens within the context of a business organisation where not only different stakeholders are involved, but where various interests compete and collide as well. Individualistic approaches that focus merely on the personal values and intentions of individual moral actors, while neglecting the impact of the organisational context on moral behaviour in business, is destined to produce results that are of little relevance to business.

It is therefore imperative that research strategies and methodologies should display sensitivity to the organisational embeddedness of its area of inquiry. Research strategies that ignore the economic context that both enables and constrains ethical behaviour, are bound to produce superficial and irrelevant knowledge. What is needed are strategies and methodologies that will be capable of studying ethical behaviour in such a way that not only the freedom of actors is being understood, but also the impact thereon of the economic context in which they operate. Quantitative research, for example, that relies on self-report survey methodologies might be very useful in determining the moral attitudes and convictions of

individuals, but it is not particularly helpful in understanding how they would actually behave within an organisational context.<sup>2</sup> A number of factors within the organisational context – such as corporate culture, role-governed responsibilities, stakeholder pressure and the like – can impact on and even short-circuit these ethical intentions. This makes it imperative to opt for strategies and methodologies that will enable researchers to also study actual moral behaviour and not merely intended behaviour. In order to achieve this, phenomenological research strategies conducted within naturalistic settings, is required. A variety of more qualitative research methodologies can be utilised in this regard, such as case studies, narratives, observations, personal in-depth interviews and focus groups. Document analysis of company reports and communications can also be used to uncover how ethical behaviour is institutionalised within the organisational setting (cf. Brigley 1995b:22 and 1995a:222). Thus, in order to give due credit to the organisational embeddedness of ethical behaviour in business, not only a variety of research strategies is required, but also a variety of research methodologies.

A final consideration that should inform research design has to do with the sensitivity of this area of inquiry (cf. Cowton & Crisp 1998:101). Ethical issues are sensitive because they reflect on the quality of our being and they can also have detrimental consequences for us. To be praised as an ethical person (honest, having integrity, caring) is something that most people would value, while being labelled unethical (dishonest, unscrupulous, cruel) is something to be avoided. Being implicated in unethical behaviour can also be detrimental to one's professional career or can even cost one one's job.

It is therefore not surprising that business ethics research is being haunted by the phenomenon of social desirability response bias. This bias refers to the phenomenon that respondents do not report their actual moral behav-

ior, but rather how they would like others (including the researcher) to perceive them.

Research design in business ethics needs to find ways of dealing with and minimising this problem. Merely assuring respondents that their anonymity will be ensured is not enough. More creative ways of dealing with it should be designed. These measures can be both of a qualitative and quantitative nature. Qualitative measures for overcoming social desirability response bias includes the use of interpretative research methodologies such as in-depth interviews and focus group interviews (cf. Vyakarnam 1995:28) that will award researchers the opportunity of probing deeper into the initial reactions of respondents. Naturalistic observation and case studies might also be useful in this regard. In quantitative research, randomised response techniques can be used to overcome this form of bias (Robertson 1993:591). Another approach that might be useful is to use secondary data and secondary research, where the initial objective was not intended to research ethical issues. By "eavesdropping"<sup>3</sup> on these data, access can be gained to information that was not initially intended to serve as ethics research. It is therefore safe to assume that social desirability response bias would not have affected the original data to the same extent. In general, given the sensitive nature of business ethics research, triangulation of methodologies should be the rule rather than the exception (cf. Crane 1999: 242).

## **CONCLUSION**

Business Ethics as academic field has made a promising start and momentum in this field is evidently building. It is, however, important not to confuse an increase in quantity with an increase in quality. To ensure that the current quantitative growth is matched by a qualitative growth, it is imperative that business ethics teachers and researchers become much more reflective about their craft and cooperate to a greater extent in order to face the challenges identified above.

## ENDNOTES

- 1) See Sharon Parks' argument (in Piper et al 1993) about the evidence provided by current research that moral development occurs in adult life and definitely through the formal education phase. In this respect also see Werhane 1999:44.
- 2) Bain (1995:13-15) argues that the popularity of self-report survey methodologies has more to do with the pressure to publish than with the appropriateness or usefulness thereof. According to his analysis of published research in business ethics, it is easier to get published if your research is empirical rather than theoretical, or quantitative rather than qualitative. Also see Cowton (1998:424), Crane (1999:237) and Robertson (1993:587) on the gap that might exist between ethical attitudes and actual ethical behaviour.
- 3) Cowton (1998:427) uses this term to indicate that in secondary research it is as if you enter into a discourse between others without them being aware of your presence.

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# Critical Evaluation of Discussion Papers

*Lala Camerer*

## INTRODUCTION

The issue of corruption is complex. It is, as Stiaan van der Merwe from Transparency South Africa reminded us, about issues of power and its accompanying organised, often powerful, interests. As a complex phenomenon, the ways of dealing with corruption are equally complex and multifaceted, and this conference has reminded us how critical these issues are. They are neither simplistic nor easy to deal with, but remarkably challenging.

## 1. CORRUPTION: ONE PROBLEM AMONG MANY

Father Smangaliso Mkhatshwa, Mayor of Tshwane, noted in his opening address that corruption is one of the most challenging issues facing South Africans. Unfortunately, corruption is not the *only* problem. Indeed, research which the Institute for Security Studies (ISS) has recently undertaken by interviewing 154 “experts” on their opinions regarding both the causes and controls of corruption in South Africa noted that crime, security and job creation were more important challenges that government needs to tackle, followed by corruption. The majority opinion held by those interviewed is that while South Africa has much corruption, it is not the most serious problem facing the country.

In light of this and with limited resources to fight corruption, it is important that any policies which are devised are based on sound information. Unfortunately it is difficult, if not impossible, to get accurate data on the nature and extent of corruption, which by its nature thrives in secretive, opaque environments.

Efforts are, however, being undertaken by,

for example, the Public Service Commission to identify risk areas – so-called “red-flags” where corruption within the public service might occur. Also, the South African government has recently signed an agreement with the United Nations Office for Drug Control and Crime Prevention to undertake a corruption country assessment, which will for the first time comprehensively benchmark the information available on corruption and anti-corruption measures in the country.

## 2. MEASUREMENT

Just as important as not making policy in the dark, is the question that this type of discussion raises, namely: How can one measure the effectiveness of anti-corruption strategies and programmes? Particularly if these focus on prevention, it is important to at least document some type of baseline situation and concrete objectives as to how one would like the situation to improve tangibly and in a measurable way. For example, the effectiveness of measures put in place within organisations across the public and private sectors to encourage employees to speak out against impropriety and misconduct will not be measured by the number of cases brought under the Protected Disclosures Act; only when things go wrong does the Act come into force to protect bona fide whistle-blowers.

## 3. IMPLEMENTATION, PRIORITISATION AND COMMUNICATION

When it comes to devising anti-corruption policy it is important to remember that any policy is only as good and effective as its capacity to

be implemented. How can we ensure that we devise policies and laws which can be implemented? It is clear that South Africa has some of the best “state of the art” legislation to deal with issues such as whistle-blower protection, access to information, financial disclosure, conflicts of interest, etc. However, much of this seems to fall through the cracks when it comes to actual practice, implementation and enforcement.

There is an important role for civil society organisations such as the Public Service Accountability Monitor (PSAM) in the Eastern Cape, which monitors the manner in which public servants adhere to the rules in place for the public service. Another example is the Open Democracy Advice Centre in Cape Town, which has recently been established to ensure the effective implementation of both the Promotion of Access to Information Act and the Protected Disclosures Act.

So too, in a context of limited resources, there is a need to prioritise which anti-corruption strategies we should focus on. The observation made by one delegate relating all that had been done to fight corruption, and yet what had actually been achieved, is an important reminder to prioritise policy interventions on the basis of their potential effectiveness to fight corruption.

We need to share and communicate information, research results and expertise across sectors so that we can support each other’s efforts. Internal communication of policy, such as awareness of an organisation’s internal code of conduct, is also crucial.

Accountability rests of the willingness of citizens to demand that organisations account for the way in which decisions are made, public money is spent, etc. Information and accountability are thus intrinsically related. The much talked about National Anti-Corruption Forum may play a role in facilitating this kind of interaction and the sooner this body is up and running, the better.

#### **4. MORALS AND MORALE**

Some of the papers dealt with the relationship between individual ethics and organisational culture. The ISS panel survey revealed that the main cause of corruption in South African society was greed, followed by illicit self-enrichment. On the other hand, weak checks and bal-

ances was the main cause of corruption in government. There are real questions to be asked about how to address individual moral failings such as greed on the one hand, and, on the other, organisational arrangements which allow for opportunistic individuals to take advantage of the gaps in management and controls. If high morals do lead to improved morale in the workplace, which in turn generates higher productivity levels, it is important to spend time thinking about how to seriously address moral issues in the workplace – one of the themes of this conference.

#### **5. PUBLIC INTEREST**

Another area which more thought needs to be given to is “the public interest”. There is no uniform view on what constitutes the public interest, however, this is often used to promote certain policies. As Philip Armstrong pointed out in his remarks on corporate governance, any reform efforts within the private sector would need to persuade business that it is in its self-interest to tow the line ethically. The example of the Federal Sentencing Guidelines in the United States (US), providing incentives for companies to introduce ethical management, is a case in point.

Also, in thinking about reforming the nature of the state in Africa, it might be useful to remember that colonial state structures have always given preference to extracting resources and benefits for those in power over serving the local population. When it comes to public sector transformation and the reality that in many developing countries the state can become a primary source of wealth accrual, any reform measures to fight corruption need to be aware of this legacy. Corruption has economic, political, social, legal, administrative and cultural dimensions. There is therefore no substitute to addressing corruption than a better understanding of the country’s culture, history and political context.

#### **CONCLUSION**

The point has been made that there is no substitute for political will, commitment and leadership when it comes to the success of anti-corruption campaigns. In this regard it is important to recall an Organisation for Economic Cooperation and Development principle for managing ethics in the public service, which

notes that political leaders are responsible for maintaining a high standard of propriety in the discharge of their official duties.

“Their commitment is demonstrated by example and by taking action that is only available at the political level, for instance, by creating legislative and institutional

arrangements that reinforce ethical behaviour and create sanctions against wrongdoing, by providing adequate support and resources for ethics-related activities throughout government and by avoiding the exploitation of ethics rules and laws for political purposes.”

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# PARALLEL WORKSHOP SESSION: BUSINESS Ethical Guidelines for South African Business: Is the King Report on Corporate Governance Enough?

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*Daniel Malan*

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## OVERVIEW

The workshop session concentrated on the role that the business sector could play in strengthening the moral fabric of the South African workplace.

The question that was posed to the participants was: Is the King Report on corporate governance enough? The immediate question was: Which King Report?

If the focus was on the first King Report from 1994, the process of answering the question would require a critical assessment of the existing report and how it was implemented in the South African workplace over the past six years.

If the reference was to the current review of corporate governance in South Africa (sometimes referred to as King 2), answering the question would require speculation about the content of this report, which is only due later in 2001.

It was agreed not to become involved in the semantic debate about the relationship between ethics and corporate governance (which one is a sub-category of the other?) or to try and define which King report was at stake, but rather to focus on a range of different activities that could support the drive for sound corporate governance, thereby further strengthening the moral fabric of the South African workplace.

The following issues (in no particular order of importance) were identified by participants:

## 1. LEADERSHIP

Business leaders should ensure that they do not pay lip service to corporate governance or ethics in the workplace. Rather, they should develop comprehensive programmes that will move away from a checklist mentality to sincere attempts to change the ethical culture of their organisations.

## 2. SACOB INITIATIVE

The South African Chamber of Business (Sacob) is developing a code on corruption that will be endorsed by different chambers in the country. This is a brief code, but if all Sacob members support it, it will have an impact on the way in which South African businesses operate. Sacob's position was that the Sancode (*see below*) is too comprehensive for many of its members, especially small- and medium-sized enterprises.

## 3. LEGISLATION

There are many laws that have been promulgated with the aim of increasing the fight against corruption in the workplace. The problem with this legislation is that it is not enforced properly. The way in which the South African Revenue Service managed to turn itself around to ensure that more people are brought into the tax network, was used as an example to show that compliance with existing legislation could be possible.

#### **4. SOCIETAL TRANSFORMATION**

The point was made that the impact of business on the moral fabric of the South African workplace forms part of the bigger process of societal transformation. If the business environment does not take cognisance of these issues, i.e. if it only focuses on a narrow definition of corporate governance, it will be very difficult to effect any real change.

#### **5. FEDERAL SENTENCING GUIDELINES (INCLUDED IN COMPANIES ACT)**

The example of the Federal Sentencing Guidelines (FSG) was put forward as a possible mechanism that could be used to encourage companies to do more. The carrot and stick approach of the FSG has been very successful in the United States (US), prompting companies to become more proactive and to design and implement effective ethics programmes.

#### **6. SANCODE**

The example of the South African National Code of Ethics (Sancode) was put forward as a possible generic code that could be supported by all business enterprises in the country.

#### **7. ETHICS OFFICER ASSOCIATION**

The Ethics Officer Association (EOA) is a US organisation which coordinates the efforts of member companies that have designated ethics officers. The EOA is involved in training and research, and has expressed a willingness to support a similar initiative in South Africa. It was agreed that this should be explored further.

#### **8. NEED TO BE CONCISE**

The point was made that business organisations do not want to be confronted with lengthy and onerous documents or initiatives. Whatever is agreed upon should be concise and to the point.

#### **9. ISLANDS OF INTEGRITY**

Some countries have introduced the concept of “islands of integrity”. This involves joint and public agreements between buyers and suppliers that they will not become involved in bribery and corruption.

#### **10. DISCLOSURE/CONFIDENTIALITY**

It was emphasised that the need for disclosure of unethical behaviour should be weighed up against the need for confidentiality.

#### **11. DETERRENCE**

Within a business environment it is (unfortunately) not always possible to rely simply on programmes aimed at changing the ethical culture – some degree of deterrence is also required. This issue relates to the need for legislation similar to the FSG, as well as the need to introduce issues of ethics and integrity into the performance appraisals of individuals.

#### **12. THE WAY FORWARD**

In conclusion, it was decided that neither of the two King reports would be enough to achieve the goal of strengthening the moral fabric of the South African workplace.

At the same time, it was acknowledged that it was never the intention – certainly of the first King Report – to fulfill this role on its own. Based on the issues listed above, participants identified a few immediate issues that should be investigated further:

##### **12.1 Measurement**

Measurement of ethical behaviour or the state of the moral fabric of the South African workplace will be extremely difficult. The developing practice of social accounting might be able to assist this process. The fact remains that it is important to measure progress.

##### **12.2 Deterrence**

It was agreed that deterrence would play an important part in the process. In particular, the possibility of measures similar to the FSG was supported.

Also, performance appraisals of individuals could be adapted to ensure they have an incentive to focus on the moral fabric of the workplace.

##### **12.3 Brief ethics statement**

The need for a brief ethics statement that could be endorsed by all business enterprises was endorsed. This statement could be backed up by industry-specific guidelines, if necessary.

It was acknowledged that the revision of corporate governance in South Africa was an important process and that it would play a major role in strengthening the moral fabric of the workplace. The way in which companies will implement the new report will, however, ultimately determine whether this goal will be achieved.