INSTITUTE A CULTURE OF

INTEGRITY IN ORGANISATIONS

A RESEARCH

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ABSTRACT

Integrity within employees is on the forefront as a person with integrity is one that is honest and trustworthy. In contrast is an employee with low integrity that could be associated with acts of fraud, corruption and theft.

The purpose of this report is to address the proposition that higher integrity levels within employees will lead to lower financial stock losses. In addition the integrity levels of all employees were measured to see whether the integrity level of permanent employees were higher than those of temporary employees.

Strategies were implemented in order to develop the integrity level of Clover Nelspruit's employees. The strategies included addressing the situational factors desirability, group norms and risk together with focusing on communication regarding integrity.

The monthly averaged stock loss for the period June to September 05 was considerably lower than the previous eleven months which led to the confirmation that improving a person's integrity can be positively associated with lower financial losses caused by internal theft. In considering only the employees who passed the lie factor in the measurement instrument the results were also in agreement with the theory that temporary workers might be more likely to engage in counterproductive behaviour than those employed as permanent workers.

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KEY WORDS

Integrity

Integrity measurement

Integrity development

<u>CHAPTER 1</u>

OUTLINE OF THE RESEARCH

1.1. Introduction

Mr. Bush the State President of the United States of America, summarised it in his international statement after the world economy was rocked with one scandal after the other, "There must be a new Ethic" – a culture of integrity that people can understand and associate with: irrespective of their nationality, customs and practices; something that is more tangible, measurable and universal (Fick, 2005).

The need for people to show integrity has never been more in the forefront than in this era. Our headlines are filled daily with revelations of accounting fraud, blind greed and billion dollar equity losses that have wiped out retirement dreams at home and affected financial markets around the world (Barnett, 2003).

It is argued that business ethics have become so strategically important to organisations that they can no longer afford to ignore it. There is suddenly a cost of immorality to organisations and loss of competitive advantage by organisations if their actions are not ethical. These are the driving forces behind this ongoing academic and organisational concern
(Rossouw & Van Vuuren, 2003).

On the academic side there is an explosion in the field of ethics. In a survey on business ethics in Africa it was revealed that by the end of 1999, a total of 67 business ethics courses were offered by South African universities and technicons. It further found that, by the same date, South Africa had published a total of 122 publications on business ethics, consisting of 98 articles and 24 books or published dissertations (Rossouw & Van Vuuren, 2003). The drive for the academic explosion is

to provide answers for the immorality of people and to give alternatives as solutions in solving this ongoing ethical dilemma.

In KPMG's Organisational Integrity survey done in the United States of America in 2001 of 2 390 employees from a variety of industries they found that within the Consumer Market sector 81% of employees had observed a high level of illegal or unethical conduct over the past 12 months. Misconduct included not just theft but deceptive sales practices, conflicts of interest, unsafe working conditions and environment violations (Mazur, 2001). The reason for the survey was to serve as a wake up call for organisations to realise that employees are involved in misconduct and a different approach is needed to solve the problem. The solution is not simply to pour money into space-age surveillance systems, but to build work forces which measures success as much on the basis of ethical behaviour as on meeting the monthly sales quota (Mazur, 2001). The need for an organisation to employ people with high levels of integrity or improving the employee's ethical values is more evident than ever before.

Even Africa is not left behind regarding fraud if we have a look at the outcome of a survey done regarding fraud in Africa. An Ernest & Young fraud survey of 1998 revealed that 805 of the companies surveyed on the African continent had had experiences of fraud during the previous year. Of those companies who were defrauded, 33% were defrauded more than five times in that year (Rossouw & van Vuuren, 2003). Already in 1996, a KPMG fraud survey indicated that South Africa does not differ from the rest of the continent in this respect, with 88% of the respondents in that survey indicating that fraud was on the increase in South Africa (Rossouw & Van Vuuren, 2003).

This ethical importance was also recognized by the South African Government with the introduction of the King Committee in 1994. The First King Report was followed by the Second King Report on Corporate Governance in 2002, which advocated an integrated approach to good

governance in the interest of a wide range of stakeholders and moved to a triple bottom line, which embraces the economic, environmental and social aspects of a company's activities (Dekker, 2004).

It is thus becoming essential for organisations to create a culture of integrity within itself. Although integrity is a human attribute, in the business world it relates to the human side of the enterprise; individually and corporately. In the end the organisation reflects the sum total of its people's integrity (Fick, 2005).

People with low integrity are associated with people that will get involved in dishonest acts, stealing, counterproductive behaviours and violations of worker rules. The sum of low integrity employees then reflects the organisations integrity. An organisation with low integrity employees overall lack of commitment, loyalty and consistency will clearly show in the end, through their customer service, product quality and in the end the organisations bottom line (Fick, 2005).

The remedy for this crippling phenomenon has traditionally been sought in more effective detection mechanisms, in combination with an efficient criminal justice system. It is becoming more apparent that these mechanisms are neither sufficient nor effective in curbing fraud. Despite an increase in the efficiency of these mechanisms, fraud is still on the increase.

The effort to stop fraud was traditionally geared towards restricting opportunities for fraud. Thus, all kinds of control mechanisms and detection strategies were employed in order to minimize opportunities for committing fraud. The insight has since dawned that it is equally important to direct some attention to other factors that cause fraud, namely the motivation for fraud and the lack of feelings of guilt about fraudulent acts (Rossouw & Van Vuuren, 2003). The researcher believes commitment to ethical values can play a vital role in undermining the motivation for fraud,

and in the cultivation of feelings of guilt about the fraudulent act. This role of ethical values in fraud has been highlighted by the 1996 KPMG Fraud Survey, which indicated that the business community in South Africa regarded the decline in ethical values as by far the major cause for the recent increase in fraud (Rossouw & Van Vuuren, 2003).

The objective of this research is to focus on the integrity of a branch of a well-known dairy company in South Africa namely Clover SA. In the research the integrity level of the personnel is established through a valid integrity-measuring instrument called the Integrity Profile-200.

Strategies available from the theory are then put into practice at the company Clover. The aim is to develop the integrity of employees by their own involvement with the help of management to create a culture of integrity within the organisation. At the end the assessment of success will be if lower financial stock losses can be achieved through the development of the personnel's integrity.

1.2   Purpose of this report

The purpose of the research is to investigate people's integrity in their workplace, to establish if integrity can be a powerful antidote to fraud. The researcher acknowledges that people with different levels of integrity are employed in an organisation and that it can be measured using a valid integrity-measuring instrument.

Clover Nelspruit, which is part of the nationwide distribution and sales network of Clover SA (Pty) Ltd is also realising the cost of immorality. Stock losses are a constant in the financial statements of the Nelspruit branch as in all the other Clover branches. Constant control and mechanisms as well as detection strategies are employed to minimise the losses but still stock losses are occurring.

Research done by many social and behaviour scientists from many countries laid a sound scientific foundation by proving that integrity can be measured validly and reliably and that it can be developed in people and, corporately, in organisations (Fick, 2005). Therefore, the purpose of this research is to measure objectively, validly and reliably the individual's integrity level of each staff member of Clover Nelspruit Logistics division. Then knowing the different levels of integrity of the employees, the researcher aims to develop the integrity level of the employees by their own involvement in order creates a culture of integrity within the organisation.

The researcher together with the management team of Clover Nelspruit will develop a comprehensive strategy regarding the improvement of integrity within the organisation. Then convert the strategy to tangible and practical action plans and implement them in the organisation. The aim of this approach is that the entire workforce becomes involved in combating fraud (as a result of the increase in their ethical level) so that in the end, the assessment of success will be in lower financial losses for the organisation.

The purpose of this research is then to show that through the improvement of the employee's integrity lower stock losses can be achieved at Clover Nelspruit. Therefore to move away from the traditional way of restricting opportunities towards fraud and directing attention to the factors that causes fraud namely the motivation for fraud and the integrity levels of employees.

1.3   Statement of the problem

Integrity means that a person's behaviour is consistent with espoused moral values, and the person is honest, ethical and trustworthy. Critics take this definition further by saying that the values must be moral and the behaviour must be ethical (Yukl, 2002). For these critics integrity means

that a person's behaviour is consistent with a set of justifiable moral principles.

In addition people and organisations with high integrity are held high in esteem; they are trusted, are relied upon, are respected and are preferred to deal with rather than those lacking the integrity. Integrity in an organisation relates to the human side of the enterprise; individually and corporately (Fick, 2005).

In contrast to behaviour with integrity are acts of low integrity. Fraud, corruption, cheating, theft and betrayal characterise acts of low integrity.

Clover Nelspruit currently shows stock losses that could be attributed to acts of fraud, corruption, cheating and thefts by its own employees. These acts are indicating that some of its employees are people with low integrity. These are employees with low integrity, whose actions are self-centered and is causing harm to the financial position of the company. The stock losses in Rand value for Clover Nelspruit for the months July 94 till May 95 are shown in table 1.1

Table 1.1 Monthly stock losses in Rand value

Month	Rand Value
July 04	R27 670
August 04	R22 202
September 04	R21 546
October 04	R20 485
November 04	R33 211
December 04	R17 383
January 05	R29 319
February 05	R20 144
March 05	R22 118
April 05	R26 444
May 05	R34 743

Source: Monthly financial statements of Clover SA, Nelspruit branch

As table 1.1 indicates there are monthly stock losses that indicate acts of theft. Although controls and mechanisms are employed to minimise the opportunities for theft, this is still occurring as indicated.

Therefore the first problem is that due to the low integrity level of some of the current employees the company is losing stock. If the level of integrity of those employees can however be improved, the higher integrity will lead to lower financial losses. Will improving an employee's integrity be positively associated with lower financial losses caused by internal theft?

The second problem the researcher wants to investigate is the use of contract workers to fill vacant permanent positions. Currently 42% of Clover Nelspruit's employees are labour brokers that only work on a contract basis and is not permanently employed. Is the level of integrity of the contract labourer lower or higher against that of a permanent worker? Does the fact that you are permanently employed play a role in your loyalty to the company and therefore your trustworthiness and credibility? The researcher will compare the integrity levels of permanent workers against those of the labour brokers in order to see whether permanent employment makes you more loyal and honest towards company.

1.4   Definitions

Integrity forms an integral part of our human existence, but the term is so generally used that we take the concept for granted.

But what is integrity:

The Oxford dictionary defines integrity as: wholeness; soundness; uprightness, honesty and purity (*Paperback Oxford English dictionary*, 2002).

In more academic terms integrity means that a person's behaviour is consistent with espoused moral values, and that the person is honest, ethical, and trustworthy. Integrity is a primary determinant of interpersonal trust (Yukl, 2002). Integrity refers to the trusted party's reputation for honesty and truthfulness (Den Hartog, Shippers & Koopman, 2002).

Indicators of integrity are the extent to which one is honest and truthful rather than deceptive. Another indicator of integrity is keeping promises. A further indicator is the extent to which a person can be trusted not to indiscriminately repeat something said in the utmost confidence. Integrity also means taking responsibility for one's action and decisions (Yukl, 2002).

The most basic definition emphasises honesty and consistency between a person's values and his behavior. But critics contend that this definition is insufficient, because the values must be moral and the behaviour must be ethical. For these critics integrity means that a person's behaviour is consistent with a set of justifiable moral principles. Consistency between actions and immoral principles does not qualify (Yukl, 2002).

This is further confirmed by Parachin (2002) who said that you must adhere to the spirit of your principles. It is not enough to merely stick to the letter of the law when it comes to agreements made. Place upon yourself a higher standard, that of adhering to the spirit of your principles. According to Pinchot (1997) true integrity goes beyond loyalty to the power structure; it includes loyalty to the part of oneself that cares about family, service to society and protecting our grandchildren's environment (Pinchot & Pinchot, 1997).

Integrity within an organisation needs also to be defined. The sum total of the integrity of the organisation is the level of integrity of its people with integrity. The same basics are shared by virtually everyone in the organisation. The employees know, understand and trust each other,

because they share same basic values, attributes, norms and standards (Fick, 2005).

Byrd (1992:45) confirmed the above definition by saying that organisational integrity is more than just honesty or ethical standards; it is also a function of how employees approach everything they do. In an organisation with integrity, people tend to work together, say what they believe, and generally behave in healthy ways.

For the purpose of this study, integrity is a human attribute whereby the person's behaviour is consistent with espoused moral values, and the person is honest, ethical and trustworthy.

Organisation integrity relates to the human side of the business and will reflect the sum total of its people's integrity.

1.5   Importance of the study

The research is important to provide additional evidence and to elaborate on the development of integrity, in the following way:

Firstly, it will be an extension to the knowledge of the development of integrity within individuals, and corporately in organisations. As indicated in figure 2.1 that by creating a culture of integrity within your organisation employees with low integrity can be developed. This research will provide evidence that with a well-developed strategy and action plans a culture of integrity can be established which can result in lower product losses.

Secondly the researcher will cover an area of integrity in contract workers, which seems to be an unexplored area. The integrity levels of both permanent and contract workers will be established using an approved measuring instrument. A comparison will be done between the integrity levels of permanent workers and contract workers, and the researcher aims to show that different levels of integrity do exist. This could open a

door to future research to establish the exact reasons for the difference in integrity and, what the consequences can be for employing people on a permanent or contract basis.

1.6 Outline of the research report

An outline of the research is provided in figure 1.1

Figure 1.1   An outline of the study
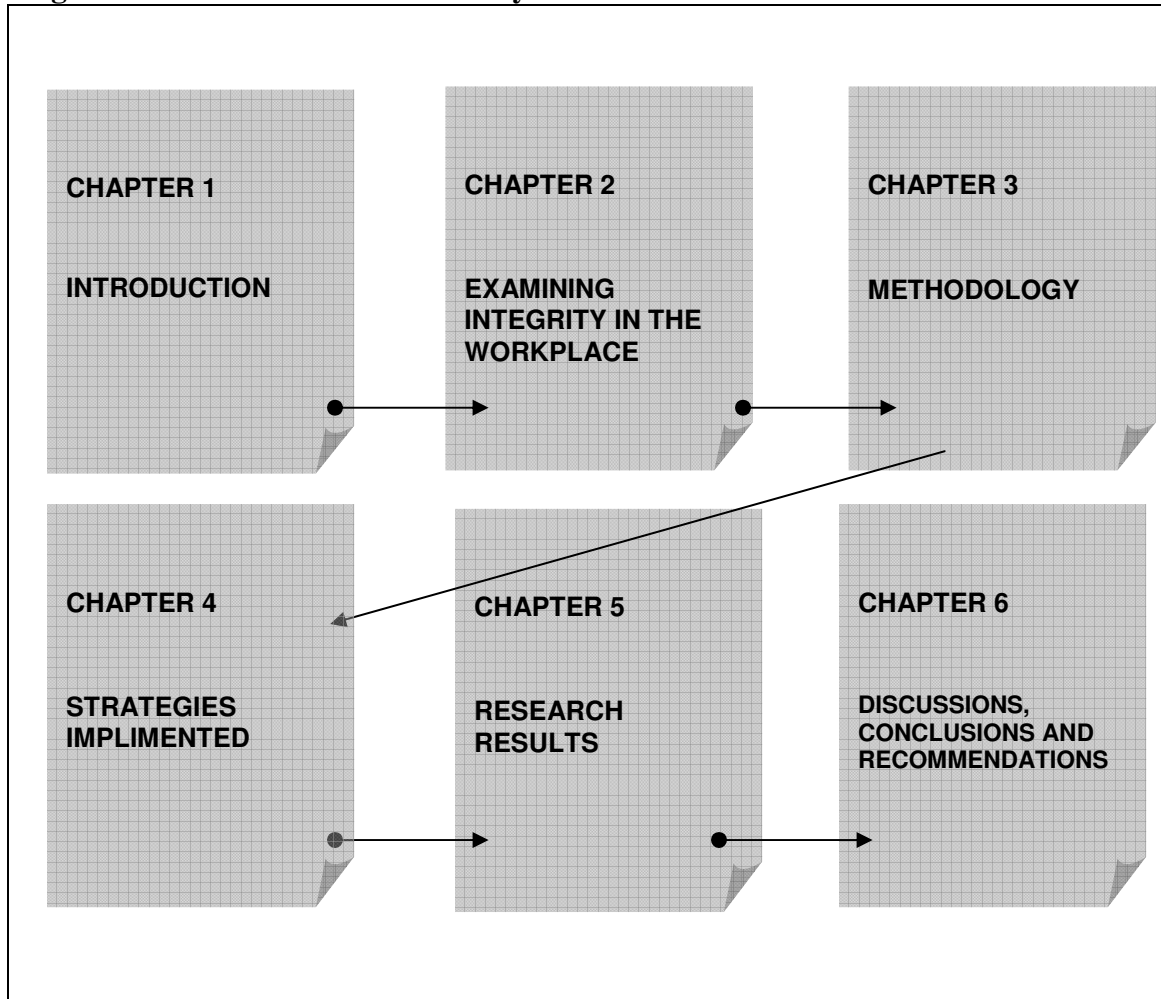
Source: Developed from text content

Chapter one contains on overview of integrity and the need for people with high integrity, with reference to statistics on illegal acts in South Africa and abroad. The purpose of this research, namely addressing the need for a culture of integrity is discussed and the problems are stated. The importance of the development of integrity is also highlighted.

In chapter two follows a literature review regarding integrity. Chapter two covers the history of integrity tests and what has already been done in this field of study. The validity and reliability of integrity tests are critically analised and evaluated. A discussion on strategies implemented by other organisations to develop their employee's integrity level is done and the suggested strategies that are followed in this research are discussed.

Chapter three contains a discussion of the research methodology that was followed. The statement of the problem is repeated and for both problems propositions are given. A full exposition of the investigation is given which include how the sample was selected; details of the population from which the sample was selected; the data selection method that was used as well as what the response rate was. The IP-200 instrument used in this research is discussed and measured against validity and reliability. At the end the limitations of the study are discussed and how it was addressed.

Chapter four is giving detail regarding the strategies implemented by the researcher in order to develop the integrity level of Clover Nelspruit's employees. Chapter five presents the results of the study as well as the interpretation of the results. Chapter six follows with a discussion on the outcome of the study, with cross-references to relevant studies covered in the literature review. Chapter six also elaborates on the potential implications of the research results and the chapter concludes with recommendations for further research.

CHAPTER 2

EXAMINING INTEGRITY IN THE WORKPLACE

2.1   Introduction

Chapter two is a literature review regarding integrity, the reliability and validity of integrity test, strategies to improve or develop the integrity levels of your organisation and its employees, followed by a discussion regarding the integrity levels of people working as labour brokers. This chapter covers the definition of integrity and what this word integrity means in the broader sense. The validity and reliability of integrity tests are critically analysed and evaluated and at the end is confirmed that well developed integrity tests do indeed stood the tests of reliability and validity.

 A discussion on strategies that can be implemented in organisations to develop their employee's integrity level and the level of integrity of their organisation is done with the focus on situational factors and personal factors. The last paragraph is a discussion on the integrity levels of people working in permanent position but hired through a labour broking firm and whether there is a connection between their loyalty to the organisation and their level of integrity.

2.2   Integrity and the measuring thereof

2.2.1 The defining of integrity

Integrity means that a person's behaviour is consistent with espoused values, and the person is honest, ethical and trustworthy (Yukl, 2002). Critics take this definition further by saying that the values must be moral and the behaviour must be ethical (Buchholtz, 2003). For these critics integrity means that a person's behaviour is consistent with a set of justifiable moral principles. Consistency between actions and immoral principles does not qualify (Yukl, 2002). Integrity is, like personality, a

human attribute. It refers to the person's perception and attitude regarding his entire position, role, responsibility and accountability to the 'world' he lives in and with which he associates. In the business world it relates to the human side of enterprise; individually and corporately (Fick, 2002). The organisation reflects the sum of its people's integrity.

An important indicator of integrity is the extent to which one is honest and truthful rather than deceptive. Another indicator of integrity is keeping promises. A further indicator is the extent to which a person can be trusted not to indiscriminately repeat something said in the utmost confidence. Integrity also means taking responsibility for one's action and decisions (Yukl, 2002). Further common defining terms are fair, just, sincere, faithful and loyal. But even with integrity you will make a blunder, can still commit a major error of judgment, and can act or speak unwisely. The difference however is that a person with integrity will admit his mistake and accept responsibility for it. A person with integrity will learn from his mistake and do what he can to make amends.

Abraham Lincoln a previous president of the United States of America guided his life and presidency by his personal integrity credo: "I am not bound to win, but I am bound to be true. I am not bound to succeed, but I am bound to live by the light that I have. I must stand with anybody that stands right, stand with him while he is right and part with him when he goes wrong" (Parachin, 2002).

Integrity can also be developed in a person. People are not deviant in their very nature. Certain circumstances however are conducive for the development of factors associated with that kind of behaviour. Some people are more vulnerable than others to influences and change towards deviant behaviour, similarly some people are more responsive to corrective action (Fick, 2002). Figure 2.1 indicates that by creating a culture of integrity within your organisation through the individual employees, that employees with low integrity can however be developed.

Figure 2.1 The Model: Progression through culture of integrity

-The Model : Progression -

LOW INTEGRITY

Culture of Integrity

HIGH INTEGRITY

INCREASING

SUSTAINED

EFFICIENCY

Low Integrity is Characterized by:	High Integrity is Characterized by :	Result of High Integrity :
Fraud	Honesty	
Corruption	Trustworthiness	**Ever Increasing**
Collusion	Credibility	
Deceit	Predictability	**Sustained efficiency**
Embasilment	Responsibility	
Betrayal	Accountability	
Cheating	Loyalty & Respect	
Theft	Transparancy	
Manipulation	Consistency	
Self-Centred & Interest	Reliability	
Inconsistency	Positive Work Ehtic	
Inefficiency	Perseverance	

Adapted from: Fick (2005)

In the development of integrity within persons it must however be remembered that generalised beliefs about the corruptibility of others (especially role models, seniors) influences the corruption and deviance potential of individuals. The greater the value attached to and openly displayed to people (e.g. that they are being kept informed, being respected, held accountable for important issues), the more immune such people are to deviant behaviour; the higher their resistance level to corruption (Fick, 2002). Strategies need however to be employed in an organisation in order to assist in the development of integrity. Virtues are

not inborn: they are learnt or acquired through education and practice (Kretzschmar, 2002). The different strategies to assist in the developing of integrity are discussed later on in this chapter.

2.2.2 The measurement of integrity

National security, criminal justice, and employee theft have all been seen dependant on the ability to assess individual honesty. Employers want effective means to detect fraud in employees, but such means must not discriminate unjustly against honest employees. Not surprisingly, there is a demand for psychological technologies to detect and predict deception. The most prominent of these technologies is the paper-and-pencil honesty or integrity tests.

What were once termed honesty tests are now more often called integrity tests. These integrity tests are intended to predict criteria of counterproductivity or other non-theft aspects of work performance (Guastello & Rieke, 1991). Integrity can be measured accurately, reliably and validly if its assessment covers a sufficient sample of variables representing the construct integrity and if such assessment is conducted in accordance to objective and proven scientific principles and procedures (Fick, 2002). The term integrity is used to include characteristics of integrity, honesty, dependability, trustworthiness, conscientiousness and reliability.

Paper and pencil tests for counterproductive behaviors at work have been in use for over 50 years but the number of tests available and the extent of their use grew rapidly during the 1980's (Wanek, 1999). In earlier years the support to use integrity tests often lacked the sophistication associated with other psychological assessment instruments. This has changed in recent years with the link to polygraphs downplayed, while promotion of the test prediction of a wide variety of counterproductive and productive behaviours has increased largely due to the greater involvement of

psychologists in the development of, and research supporting integrity test (Wanek, 1999).

But what are integrity tests? As Ones and Viswesvaran (1998) succinctly put it, there are three things to note about all integrity tests. Firstly, they are paper and pencil self-report tests, which exclude other methods of assessing honesty, such as polygraphs, interviews, and background checks. Second, integrity scales were developed for use with applicants or current employees, who are, in psychological terms, part of a 'normal population'. Third, integrity scales were developed to predict employee theft potential, and other on-the-job counterproductive behaviours. Therefore integrity tests are paper and pencil devices for mainly selecting personnel for a wide variety of jobs, and those tests contain questions regarding an applicant's attitude toward theft and any past thefts committed by the applicant (Guastello & Rieke, 1991). The basic purpose of the integrity instrument is to differentiate between people demonstrating deviant and counter productive attitudes and behaviours and those demonstrating healthy and acceptable attitudes and behaviours.

There are two kinds of integrity tests namely Overt tests and Personality-orientated tests. Overt integrity tests are also referred to as 'clear-purpose tests' because test items inquire directly about undesirable behaviours on the job, such as employer theft. The honesty scales of overt integrity tests often consist of two sections: attitudes and admissions.

 The attitudes section focuses on attitudes and beliefs toward theft and other counterproductive behaviours, along with rationalisation of theft behaviour, punitive ness towards others who steal, pervasiveness of theft behaviour, and assessment of one's own honesty.
The admission section elicits self-reports on the frequency and amount of theft and other illegal or counterproductive behaviours in which the applicant has engaged. The above is captured in a very good definition of overt integrity by Brinkmeyer & Hogan (1997), which states, "Overt

integrity tests ask about attitudes toward dishonest behavior, and history of theft and other illegal activities". Saxe (1994) describes these integrity-specific instruments to ask overt questions about attitudes to theft and past dishonest behaviour and yield scores intended to indicate a person's honesty. Therefore all are in agreement about overt type of integrity tests.

Personality-orientated integrity tests, variously referred to as 'veiled-purpose, cover-, or personality-based integrity tests' are not obviously directed towards honesty or theft. They are typically developed by psychologists, and closely linked to normal-range personality assessment instruments (Sackett, 1994). They are considerably broader in focus than overt integrity tests and include items dealing with dependability, conscientiousness, social conformity, thrill seeking, trouble with authority and hostility (Sackett, 1994). Again Brinkmeyer & Hogan (1997) clarifies the personality-based test with his definition "Personality-based integrity tests assess attitudes and dispositions that are inferentially related to integrity".

But in reality the line between overt and personality-orientated integrity tests is not always as clear as suggested. Many overt tests contain items not obviously related to integrity, while a number of personality-orientated tests contain items and scales similar to these found in overt tests. Collectively, overt and personality-orientated integrity tests can be thought of as paper and pencil, pre-employed test focusing on the characteristic of integrity, honesty, conscientiousness, reliability, dependability, and trustworthiness (Wanek, 1999).

Research comparing a number of tests has shown that overt and personality-orientated tests tap a common general factor, and that factor is conscientiousness (Ones, Sackett & Wanek, 2003). This is further confirmed when Brinkmeyer & Hogan (1997) explored the relationship between overt and personality based integrity tests and in their finding state that the gap between these two tests is not to great, and that a

general conscientiousness factor underlies both test types. These two types of tests are assumed to measure the same construct, and they are both valid predictors of counterproductive behavior. Thus all agreed to the finding of a general conscientiousness factor underlying the two integrity test types.

Integrity test critics have long maintained that honest people might be penalised on integrity tests by either confessing more to minor infractions or being less punitive toward wrongdoers, therefore leading to lower scores on integrity tests. Limited research does not support any relationship between measures of integrity and cognitive moral development. Nor does it appear that punitiveness items on integrity tests lead to bias against religious people (Wanek, 1999).

Along the same line, critics have asserted that integrity tests are susceptible to social desirability answering and faking, meaning that dishonest people can consistently lie and beat the test. No empirical evidence to date has supported the contention that people can fake integrity tests. In fact several publishers include scales in their tests to identify attempts at willful manipulation that invariable result in a rejection of the test (Wanek, 1999). In support an article by Ones & Viswesvaran (2001) stated that integrity test critics have focused exclusively on the criterion-related validity of integrity tests for predicting externally measured theft. These critics ignore the integrity test validity evidence for a broad range of criteria including other counterproductive behaviors and job performance (Ones & Viswesvaran, 2001).

The IP-200 measuring instrument includes in its test the so-called lie factor, thus measuring the person's commitment to answering the instrument in an open, honest and objective way. The test includes a few carefully worded and placed items to facilitate the testee, who wants to create a "favourable" image that differs from his true image, to do so and to be exposed in the process (Fick, 2002).

2.2.3 Reliability of integrity tests

Any psychological measuring instrument is as useful, effective and efficient as the technical and psychometric properties associated with it will allow it to be. One critical element for an integrity test is reliability. For an integrity test to be accepted as reliable it must be consistent in its measurements of what it is supposed to measure (Fick, 2002).

Two different meta-analytic estimates of the reliability of integrity tests were reported by Ones and Viswesvaran (1998). The different estimates of reliability relate to assumptions about sources of error variance. Firstly, the estimate of the internal consistency of items as given by coefficient alpha and secondly, the stability of the integrity trait over time as estimated by test-retest reliability. High coefficient alphas indicate that test items are inter-related and share a common core construct, whilst high test-retest coefficients indicate the measurement of the underlying trait is not influenced by temporary changes in a person's state at the time of testing.

The mean coefficient alpha across integrity tests was 0.81. Considering overt integrity tests only the mean coefficient alpha was 0.82, while personality-orientated tests had a mean coefficient alpha of 0.77 (Wanek, 1999).

Turning to consideration of the stability of the integrity trait Oves and Viswesvaran (1998) concluded that the constructs measured by integrity tests are highly stable. Across integrity tests the mean observed test-retest reliability was 0.85, and 0.95 when corrected for attenuation using the appropriate coefficient alpha reliabilities. For overt integrity tests, mean observed test-retest reliability was 0.87, and 0.94 when corrected (Wanek, 1999).

The above two paragraphs clearly illustrate the closing paragraph of Ones and Viswesvaran (1998) that follows. The estimated coefficient alphas for integrity tests indicate considerable item inter-relatedness, which suggests the presence of an underlying construct of integrity, while the high test-retest reliability estimates indicates that the integrity trait is stable over time (Wanek, 1999). Therefore saying that in their meta-analytic research they clearly found that integrity tests are reliable because the integrity tests exhibit internal consistency and temporal stability, as given by coefficient alpha and test-retest reliability

The internal consistency and test-retest estimates of reliability are also the two methods applied to the IP-200 measurement instrument used by the researcher in this research. Two studies (Fick, 1998) studied the internal consistency of the IP-200. An integrated overall average internal consistency coefficient of 0.84 was obtained for the entire IP-200 instrument and these results represent a very good internal consistency/reliability (Fick, 2002). In a further study (Fick, 1998) used the test-retest method on the IP-200. A test-retest correlation coefficient ranging from 0.87 to 0.92 was found. This result of this study showed that the IP-200 item content is homogeneous and the scores on the IP-200 are stable (Fick, 2002).

2.2.4 Validity of integrity tests

The validity of an instrument indicates how successful it serves its purpose – how successful it measures and/or predicts what it is supposed to measure or predict. It refers to the capacity of scores to reflect meaningful differences across individuals in the characteristic being assessed, namely respondent integrity (Fick, 2002).

One of the tests of validity is criterion-related validity. Correlational evidence linking test scores of applicants for jobs to outcome measures of interest to employers after hiring is the basic definition of criterion-related

test validation (Wanek, 1999). But considerable discussion and criticism has revolved around which operational outcome measures are appropriate criteria. Critics of integrity tests have argued that since propensity to steal is the characteristic that this genre of test was initially designed to measure (at least the overt test), and then detected theft should be the only criteria considered (Guastello and Rieke, 1991).

However, it is generally acknowledged that much workplace theft and counterproductive behavior is never detected. This situation allows integrity test critics to claim that if a person fails the test but is not caught stealing at work, the test is then invalid. On the other hand one can reasonably assert that the person simply was not caught. Because of this criterion problem, a wide variety of research strategies have been employed to validate integrity tests, beyond the criteria of detected theft (Wanek, 1999).

Strategies include comparisons of test scores between groups thought to differ in integrity, and time series studies showing changes in inventory shrinkage before and after implementation of an integrity-testing program. While there were methodological flaws or weaknesses to many of the studies employing these strategies, the overall picture was that there was some validity associated with integrity tests (Wanek, 1999).

Other strategies to validate integrity tests include correlation with polygraph test results and correlation with anonymous admissions of theft. A recent trend in integrity test validation research is the use of supervisory ratings of overall job performance, rather than measures of counterproductivity, as criteria (Sacket, 1994). A large body of validity evidence consistently shows scores on integrity tests to be positively related to both a range of counterproductive behaviours and supervisory ratings of overall performance (Sacket, 1994).

To summarise evidence supports the conclusion that professionally developed, commercially available integrity tests are reliable, valid predictors of productive and counterproductive measures of job performance. Furthermore they appear to be unrelated to measures of cognitive ability and, therefore, can add incremental validity to a selection system.

Regarding the IP-200 instrument that is being used by the researcher it is said that the validity tests done provides sufficient statistical proof of the instruments ability to differentiate successfully and significantly on the grounds of integrity over a period of three years in order to predict the outcome of this concept in a valid way. The IP-200 is a valid and reliable instrument that is capable of doing what it was designed to do, i.e. to measure integrity and its substructures accurately (Fick, 2002).

2.3   Strategies to employ in the development of integrity

Virtues, such as fairness, honesty and self-control are dispositions or habits of behavior that exhibit character. Virtues are not static, but are made explicit through actions in life situations (Frankena, 1973). It is important to remember that virtues are not inborn: they are learnt or acquired through education and practice (Kretzschmar, 2002). Therefore unless moral formation is taking place at places of work the chances of ethical conduct being widely manifested in the business world is slight.

It is thus important for an organisation to employ strategies to develop integrity within its personnel. The inherent greater tendency toward dishonesty rather than honesty in a workplace means that you can't assume that people in your organisation knows the difference between right and wrong. You have to take pro-active steps to influence them towards honesty.

2.3.1 Role of situational factors

Looking at strategies to implement in order to improve integrity within people the researcher will firstly address the situational factors as identified by Finkelstein, Mikulay & Neuman (2001).

One of the things that need to be considered in the development of integrity is the role that situational factors play when people are committing counterproductive actions. In a research by Finkelstein, Mikulay & Neuman (2001) they said that it is important to understand the situation of the employees in order to understand why people show certain counterproductive behaviour. According to their research the situational approach to understanding counterproductive behaviours focus on those aspects of an individual and an organisations circumstances that increase the likelihood of counterproductive behaviour.

Finkelstein, Mikulay & Neuman (2001) used the basic framework of the theory of planned behaviour (Ajzen, 1991) to identify a situation's relevant aspects. The theory of planned behaviour posits that a proximal antecedent of behaviour is an individual's intention to perform that behaviour, and intention that is determined by three conceptually independent factors namely (a) the individual's attitude toward the behaviour, (b) subjective norms, and (c) perceived behavioural control. The attitude toward the behaviour is the individual's evaluation, favorable or unfavorable, of the action. Subjective norms reflect the individual's perception of how others evaluate the behaviour and perceived behavioural control refers to the individual's perception of his or her ability to successfully perform the behaviour (Finkelstein, Mikulay & Neuman, 2001).

Murphy (1993) suggested that actions are committed when an individual perceives the action to be in his or her own self-interest. When the individual perceives that the action is contrary to self-interest, he or she will not perform the action. According to Murphy (1993), the likelihood that

a counterproductive behaviour will occur is a function of three factors namely (a) perceptions of necessity, (b) perceptions of acceptability, and (c) perceptions of risk. Perceptions of necessity refer to whether the employee perceives the behaviour necessary to accomplish desired goals. Perceptions of acceptability are derived, in part by the norms of significant persons within the work environment. Perceptions of risk focus on the perceived ability of the individual to complete the counterproductive behaviour without detection (Finkelstein, Mikulay & Neuman, 2001).

The conceptual similarity between Ajzen's (1991) and Murphy's (1993) approaches offers to Finkelstein, Mikulay & Neuman (2001) a clear basis for selection of the focal aspects of the work situation. They suggest that three main aspects of a situation help to determine the likelihood of counterproductivity: (a) desirability (reflecting both attitudes about the behaviour and perceptions of its necessity), (b) group norms (reflecting both subjective norms and perceptions about a behaviour's acceptability among group members), and (c) risk (reflecting both perceived behavioural control and perceptions of risk) (Finkelstein, Mikulay & Neuman, 2001).

The researcher discusses therefore the three main situational factors from the above in more detail.

2.3.1.1 Situational factor Desirability

Desirable outcomes are those that have a perceived benefit to the individual. Although some outcomes, such as the acquisition of money, tend to be universally desirable, other outcomes offer benefits only in terms of their perceived impact on others. It is therefore important to understand the desirability of the outcome rather than simply the desirability of the object (Finkelstein, Mikulay & Neuman, 2001).

Therefore if persons are caught stealing the reason behind the stealing must be found. What was the intention of the stealing and could that intention not be addressed? If the intentions could be addressed and lessoned the desirability could be taken away.

The equity theory by Berkowitz, Fraser, Treasure & Cochran (1987) suggests that workers expect to be reasonably rewarded for their efforts for the organisation. If the ratio of an employee's efforts to his or her reward is not equivalent to the ratio of a reference person, the employee perceives an inequity. An increase in counterproductive behaviour might represent employee's attempts to remedy the inequity. Greenberg (1990) found that as perceived pay inequity increases, counterproductive behaviour increases. A context of inequity might make theft more desirable because it can function as a method for increasing the benefits that an individual receives in the work setting to match the perceived level of effort that the individual exerts for the organisation (Finkelstein, Mikulay & Neuman, 2001).

For management it is important that they communicate with their employees to find out from them whether they believe that an inequity exists between the work they do and the salary they receive. Management needs to benchmark against other organisations in the same industry with the same working conditions in order to compare the salaries and responsibilities. If it is found that inequity does exist then the inequity needs to be addressed in order to reduce the desirability. This attempt by employer to remedy the perceived inequity in pay can lead to a decrease in counterproductive behaviour (Greenberg, 1990).

2.3.1.2 Situational factor Group Norms

The second situational factor relevant to understanding counterproductive behaviour is the perception of group norms regarding a particular behaviour's acceptability. These perceptions transcend the individual's

personal moral code and reflect the wider norms of the reference group in the work setting. This normative context created by co-workers on the unacceptability (or acceptability) of a certain behaviour provides for further input to an individual's decision on whether to pursue that behaviour (Finkelstein, Mikulay & Neuman, 2001).

Thus, although an organisation would not have an injunctive norm to commit counterproductive behaviour, it might have a descriptive norm implying that co-workers and managers typically tolerate such behaviour. The workers might then believe that their co-workers and managers tolerate certain counterproductive behaviours such as theft. These perceptions might not be accurate or might not be shared by all of an organisations workers, but Kamp and Brooks (1991) found that in organisations with a more tolerant climate towards these behaviours workers reported significantly higher rates of theft. A less tolerant organisational climate has norms that are clear and opposed to counterproductive behaviour (Finkelstein, Mikulay & Neuman, 2001).

It is therefore important that management must clearly indicate by communication and by strong disciplinary action against counterproductive behaviour that these actions will not be tolerated. The departmental heads must in their communication to the workers constantly stress the fact that they regard honesty or people with high integrity to be an asset to the company. By contrast they must inform their personnel that illegal actions won't be tolerated and that they will face the necessary disciplinary action.

2.3.1.3 Situational factor Risk

The third situational factor relevant to understanding counterproductive behaviour is the perceived risk that is attached to engaging in such behaviours. Risk encompasses both the likelihood and consequences of being caught committing counterproductive behaviour.

A strong system of monitoring is important to ensure that workers understand that counterproductive behaviour is likely to be observed. The absence of such a system might suggest to the worker that the risk of detection is small and that the counterproductive behaviour can be safely committed. The presence of such systems notifies workers that their behaviour is monitored and that any counterproductive behaviour on their part can be detected. This does not guarantee that no counterproductive behaviour will occur, as workers may find ways to circumvent any system, but the total number of counterproductive behaviours should be reduced (Finkelstein, Mikulay & Neuman, 2001).

Finkelstein, Mikulay & Neuman (2001) find in their research that in the high-risk setting, the likelihood of theft did not differ between individuals high or low in integrity. The likelihood of theft by individuals high in integrity did not increase as risk of exposure decreased, whereas the likelihood of theft by individuals low in integrity did increase as risk of exposure decreased: in a low-risk work setting, individuals low in integrity were significantly more likely to steal than individuals high in integrity. Thus the increasing of risk is mainly due to people showing low levels of integrity because people with high integrity will not be affected by the risk factor. Individuals low in integrity appear to be aware of the dangers present in a work situation in which it is risky to steal and will therefore avoid stealing.

Although it is important to have monitoring systems in place, the value of these systems will be seriously compromised if there are inconsistent or minimal penalties for these behaviours. There is a need for a clear set of management policies regarding enforcement, and these policies need to be consistently followed (Finkelstein, Mikulay & Neuman, 2001).

In an article by Mafunisa (2003) regarding the ethics in Public Sector in the South African Government he confirms the above by saying that if the probability of being caught is small and the penalty is light, then the public

sector will tend to find conflict of interest. If the Government intends to deal effectively with conflict of interest, then they must think of increasing penalties, changing the incentives of public officials and increase the probability of culprits being caught (Mafunisa, 2003).

Therefore, to increase worker's perception of risk, the penalties need to be increased to a level that is appropriate to the severity of the offense and these penalties must be consistently applied whenever the offense is detected. There should be no overseeing of the incident. A very strict adherence to a disciplinary code must be followed and the necessary disciplinary action needs to be followed through.

2.3.2 Viewpoints regarding the development of integrity

Personnel factors play a major role in the development of integrity within the organisation and its employees. The viewpoints of different researchers regarding the improving of integrity are then discussed.

Van Vuuren (2002) proposed that an ethics strategy be implemented. This includes systematically embedding ethics in the corporate values as well as in strategic planning. It involves interpersonal communication about ethics, making ethical behaviour a key performance indicator every day in the organisation and day-to-day ethical decision-making.

Van Vuuren (2002) states that a two-way communication system regarding ethical issues needs to be implemented, regular ethics forums, newsletters to personnel on information on occurring ethical and unethical practices should be introduced. A channel for giving as well as receiving ethics-related information needs to be in place. An ethics help line that allows for whistle blowing could serve the purpose. The second King Report on Corporate Governance also included in their risk management the need for whistle blowing. They advised that the company should

consider the need for a confidential reporting process covering fraud and other risks (Dekker, 2004).

Communication is also valued by Van Zyl (2001). He stresses the need to create a supporting organisational climate where support is given particularly in the form of open and regular communication between managers and subordinates. It is management's responsibility to instruct, motivate and inspire their employees to conduct themselves with honesty, probity and fairness. Management has to make company policy absolutely clear to all employees and people have to be told and retold in unmistakable terms that the company is firmly committed to integrity in all its activities (Van Zyl, 2001).

Establishing a code of ethics can further strengthen communication. The codes must be made living documents that encourage ethical behaviour and not just management statements that find them against an office wall. The code of ethics should represent sincere communication efforts between managers and employees and should guide then in their acts and behaviour in questionable situations (Van Zyl, 2001).

The second King Report confirms the above saying that a company should demonstrate its commitment to organisational integrity by qualifying its standards in a code of ethics. A company should demonstrate its commitment by creating systems to introduce, monitor and enforce its ethical code. Assign high-level individuals to oversee compliance with the ethical code and communicate with and train employees regarding the company's values, standards and compliance procedures (Dekker, 2004).

However, one of the biggest problems experienced by firms using codes of ethics are that some codes appear to have been enforced in a top-down manner, without full consultation and agreement by employees. This means that employees are unable to explain or implement such codes

since they neither accept nor own them (Kretzschmar, 2002). It again highlights the importance of two-way communication when the code of conduct is written. When written it must include representatives of all personnel in the organisation in order for all personnel to accept the final code. The goal here is to establish moral consensus as to what is agreed upon so that all can be held accountable.

This was confirmed in an article by Whitley, Bernard & Keithspiegel (2001) that people are more likely to adhere to a policy they assist in developing than by policies imposed on them from above. However they also believed that the institution of an ethical code would have no effect unless the institution's students, faculty and administration already have a commitment to integrity. Therefore, implementation of an ethical code should probably be the final, rather than an initial, step in developing a company's integrity ethos (Whitley, Bernard & Keithspiegel, 2001).

Byrd (1992) also believes in the value of communication in order to improve integrity, but for him it is important that there should not be fear to do open communication. To develop integrity Byrd (1992) suggest that you must be allowed to say what you believe, you can object to a superior's idea, you must be allowed to admit to a lack of knowledge or experience and you should be allowed to ask for help. Regular communication ensures a constant exchange of information about wants, needs and expectancies, and ensures that parties do not "lose touch" (Den Hartog, Shippers & Koopman, 2002).

It is also important to remember that ethical behaviour must begin at the top. The culture of the organisation cannot be seen separately from management behaviour and ethical behaviour of managers will certainly influence the ethical behaviour of employees (Van Zyl, 2001). Staff members often look no further than the behaviour of their immediate manager in determining the ethos of an organisation.

Therefore managers cannot expect ethical behaviour from employees if they themselves do not behave ethically. It is thus important that people in managerial positions are people with high integrity in order to influence the employees to higher integrity levels. It is confirmed by Moon & Bonny (2001) with this single line, "Consistency between policies and actions and executive leadership's attention to ethics has the greatest impact on controlling employee ethical conduct". Managers should not be mere mouthpieces, but be leaders who are personally committed, credible, and willing to take action on the values they espouse. Managers must be consistent and they must assume responsibility for making tough calls when ethical obligations conflict (Paine, 1994).

The importance of leader commitment to integrity is also highlighted by Rogers (1995) saying that the characteristic integrity is one of the most admired by employees. He found that employee's who worked for leaders viewed as being more honest, competent, and inspiring were more likely to feel a strong sense of teamwork and alignment with organisational values and exhibit a positive work attitude and organisational commitment (Rogers, 1995). It is however important for leaders to share their feelings and beliefs on integrity so that employee's gain a clear picture of their leaders values (Rogers, 1995).

To ensure that the correct management with integrity is in the top positions it is suggested by Byrd (1992) to take the drastic step to transfer, retire or replace key people who are leaders of cynicism, regardless of the other benefits they may bring to the organisation. He believes you cannot keep deeply cynical people and succeed in reestablishing corporate integrity. This point of replacing management is even taken further by Paine (1994) saying that managers who fail to provide proper leadership and to institute systems that facilitate ethical conduct share responsibility with those who conceive, execute, and knowingly benefit from corporate misdeeds. Very hard words indeed but indicating the importance of

management to take control over the integrity level of their organisation and its people.

To ensure that ethical behavior is integrated into all jobs, Van Vuuren (2002) suggests that group and individual performance management and assessment can be based on ethical decision-making and adherence to ethics requirements. Job outcomes can therefore include ethics as an additional key performance area. Van Zyl (2001) supports the need for ethical behaviour to be included in performance assessment saying that if ethical behaviour is desired, the performance-assessment, appraisal and reward system must be modified to account for ethical behavior.

Van Vuuren (2002) further proposes ethics training to foster a general awareness of ethics. This training serves to equip personnel with (1) an understanding of corporate code of ethics, (2) the ability to recognize ethical issues, (3) a capacity for solving ethical problems and (4) ethical decision-making skills.

Additional factors that are regarded as important in training are mentioned by Kretzschmar (2002). He states that employees must be morally educated, the way wrongdoing occurs must be identified, realistic examples need to be provided and there must be sensitivity to diverse employee groups. Employees also need to be empowered to think through ethical issues and consequences and sufficient opportunities in which to exchange views must be provided. From both Van Vuuren (2002) and Kretzschmar (2002) it can be taken that good ethics training should clarify the ethical values and enhance the ethical awareness of employees.

2.3.3 Summary of strategies

A short summary of all the above needed strategies to develop integrity of the organisation and its employees is given.

- Consider the situation factors of desirability, group norms and risk
- Communicate with all your employees regarding ethics
- Allow free communication from employees towards management
- Make integrity a standard item on the agendas of meetings
- Report on integrity in newsletters and communication to employees
- Put in place a method for whistleblowing
- Develop a code of ethics together with your employees
- Ethical behaviour begins at the top
- Integrity should be part of performance management
- Take disciplinary actions against managers and employees who do not comply with the ethics policy of the company
- Train managers and employees in integrity

2.4   Lower integrity from part-time workers

Does the fact that you are a part-time employee play a role in your integrity level? It was suggested by Hollinger and Clark (1983) that new, younger, and part-time workers might be most likely to engage in counterproductive behaviours. Although Hollinger and Clark identified higher levels of counterproductive behaviour among members of these groups, the causes of these behaviours have remained unclear (Finkelstein, Mikulay & Neuman, 2001).

Counterproductive behaviours might be due to the attitudes held by these groups. For example, new workers might not have developed a loyalty to the organisation they work for, and younger workers might have attitudes that are not opposed to counterproductive behaviour. Alternatively, counterproductive behaviour might be a function of the specific jobs commonly held by people in these groups. New, younger, and part-time workers are commonly hired for low status and low-paying positions that may be conducive to counterproductive behaviours (Finkelstein, Mikulay & Neuman, 2001).

In a study by Hollinger & Clark (1983) they found that younger employees did seem to report higher theft levels than their older peers. They found in an analysis of a major Midwest retail department store's theft records that although the 18-to-22-year old age group made up only 12% of the total work force, it accounted for 69% percent of the violations for employee theft.

In explaining why younger people will be more involved in theft Hollinger & Clark (1983) suggested that many younger employees are simply less socially and emotionally committed to their present place of work and are also under less social risk if detected. The younger employees who reported higher involvement in theft were more likely to have very little tenure with the organisation. Disturbing however is the finding by Hollinger & Clark (1983) that the younger employees experienced no remorse or guilt for their deviance because they perceived their work situation as a mutually exploiting one. The company was seen as "ripping them off" and they were simply responding in kind.

In research by Cook & Wall (1980) they confirmed that age correlates positively with faith in management and organisational loyalty. They reported that age appears to be positively associated with trust in management and a wish to remain with the employer. Older people seem to be more loyal towards their workplace and it can be argued to be less active in counterproductive actions (Cook & Wall, 1980).

But Hollinger & Clark (1983) also cautioned to rather than treating younger employees as threats to the work organisation, companies should afford younger workers many of the same rights, fringes and privileges of the tenured, older employees. By signaling to the younger employee that he or she is temporary or expendable, the organisation inadvertently may be encouraging its own victimisation by the very group of employees that is already least committed to the expressed goals and objectives of the owners and managers (Hollinger& Clark, 1983).

Hollinger & Clark (1983) also found that the employee's estimate of the likelihood of leaving the job, was positively related to both property and production deviance. They observed that the employee's assessment of future continuation with one's present job was strongly associated with production deviance. There data suggests that those employees who did not expect to continue working for their present employers exhibited a greater propensity for work-place theft and counterproductive behaviour.

In a retail study done by them they found that 33% of those employees detected for involvement in theft were with the company for less than six months and that almost two-thirds were employed less than two years (Hollinger & Clark, 1983). This could be directly linked to the use of part-time workers today. When hired via a labour broker firm the employee knows that his work will be temporarily with his new employer. He knows he is not employed as a full time employee, but merely to fill a temporary vacancy. Therefore it could be argued that these labour broker employees will exhibit a greater propensity for work-place theft and counterproductive behavior.

2.5   Integration

Integrity for the purpose of this study is a human attribute whereby the person's behavior is consistent with espoused values, and the person is honest, ethical and trustworthy. But by creating a culture of integrity within your organisation through the individual employees, employees with low integrity can however be developed.

Integrity tests were developed to measure accurately, reliably and validly the variables representing the construct integrity. This measuring instrument differentiates between people demonstrating deviant and counter productive attitudes and behaviors and those demonstrating healthy and acceptable attitudes and behaviors.

Evidence supports the conclusion that professionally developed integrity tests are reliable because the integrity tests exhibit internal consistency and temporal stability. They appear to be unrelated to measures of cognitive ability and, therefore, can add incremental validity to a selection system.

It is possible to develop the integrity levels of an organisation and its employees, and the main factor contributing to improving integrity is open communication between management and its employees. The role of the three situational factors desirability, group norms and risk needs to be considered. Other strategies that help improve ethics in your organisation are training of your employees in integrity and getting all people involved in developing a code of ethics. It is important to take disciplinary action against employees not complying with the ethics policy and to remember that ethical behaviour must start at the top.

New, younger, and part-time workers might be most likely to engage in counterproductive behaviours due to them not developing a loyalty to the organisation and their expectancy not to stay long with the company. But organisations need to be careful not to signal to the younger employees that he or she is temporary because the organisation may encourage its own victimization by this young group that is already least committed.

The next chapter outlines the research methodology. The statement of the problem leading to the proposition is discussed including an exposition of the sample and the measuring instrument. The next chapter concludes with a discussion of the limitations of the study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1   Research design

This research on integrity and the development thereof is a formal study. Formal studies are typically structured with clearly stated hypotheses or propositions (Cooper & Schindler, 2003). In this research two propositions are tested.

The study is descriptive and explanatory. Descriptive in the sense that a profile of a group of people are created, and explanatory in the sense that it goes beyond description and attempts to explain the reason for the phenomenon. In this case the phenomenon being the current stock losses associated with level of integrity.

The study is qualitative and quantitative in nature. The main reason for being qualitative is that the research is a single case study and had been done on one specific company. The research is also qualitative due to the use of the IP-200 instrument to measure the level of integrity of each individual through a questionnaire.

The researcher did not attempt to capture a population's characteristics, as its findings were restricted to one branch of Clover SA. The research was empirical with a combination of primary data collection and the use of secondary data from others. The type of data collected did range from textual to numeric.

The research was conducted in several phases that could be grouped into pre-test phase, intervention phase and post-test phase.

Pre-test phase: Literature research was initiated to gather and integrate secondary data to (1) expound definitions, reasons for and types of integrity test; and (2) to investigate the reliability and validity of integrity tests; and (3) to investigate strategies to consider for developing integrity within people; and (4) to justify research on a single case study.

Intervention phase: A questionnaire called the Integrity Profile-200 was selected as a valid and reliable instrument to measure the integrity of all employees. A brief session was held with all employees involved in the survey, informing them of the research study and soliciting their cooperation. Each employee completed the questionnaire whereby their level of integrity as well as the overall level of integrity of the company was established. Then strategies were implemented in order to develop the integrity level of the employees after the results of the current level of integrity had been established.

Post-test phase: The success of the strategy implementation was measured in the financial stock losses of the company to see whether there was a decrease in the stock losses or not.

In respect of the time dimension of the research both cross-sectional studies and longitudinal studies were carried out. The second proposition was tested using a cross-sectional study in that a snapshot of the employee's integrity level was taken at one point in time. The first proposition was however tested through a longitudinal study because the results and outcome of the strategies employed were reflected in the monthly financial statements that followed.

3.2.   Statement of problem leading to propositions

Clover Nelspruit is showing monthly stock losses due to the acts of fraud, cheating and thefts by its own employees. Acts that is associated with

employees with low integrity. Their actions are self-centered and are causing financial losses for the company. Despite an increase in the efficiency of controls and detection mechanisms the losses are constantly occurring. Therefore the purpose of this research is to establish if integrity can be a powerful antidote to fraud.

This led to the first proposition:

Proposition 1. Improving a person's integrity will be positively associated with lower financial losses caused by internal theft.

During the intervention phase the first step in supporting the proposition is the testing of each employee's level of integrity. The testing of the employee's was done by using the IP-200 measuring instrument. A profile of each individual as well as per departments, and for Clover in total was made available. These results were evaluated and development of the employee's took place using specific strategies.

The strategies implemented were to firstly consider the role of situational factors when people are committing counterproductive actions. When a person was caught stealing the reason for the desirability to steal was established. It was indicated clearly by management through communication and strict disciplinary action that the group does not accept acts of counterproductive behaviour. Lastly the risk of been caught was increased through daily stock stake and no oversight of any incident.

Further strategies to improve the development of integrity were weekly communication from management level to all employees regarding ethics. Integrity was made a standard item on the agendas of all meetings, a method for whistleblowing was put into place and a code of ethics was developed together with representatives of Clover employees. The necessary disciplinary actions against managers and employees were

taken when needed and managers and employees were trained in integrity through communication.

During the post-test phase the monthly financial statements of Clover Nelspruit are used to test the first proposition. In the monthly financial statements the stock losses are shown as variable costs. Details regarding the losses on every product are also available on a monthly basis. The researcher wants to establish if the testing and developing of the personnel's integrity will positively affect the financial stock losses and therefore lower the variable cost of Clover Nelspruit. If the financial statements show a decrease in the stock losses from June 05 till September 05 compared to the months July 04 till May 05 then it can be said that people with developed integrity can be associated with lower financial losses caused by internal theft.

The second problem the researcher wants to investigate is the use of contract workers to fill vacant permanent positions. Currently 42% of Clover Nelspruit's employees are labour brokers, which only do work on a contract basis and is not permanently employed. Although they do fill vacant permanent positions those labour brokers are hired for a lesser amount and therefore give rise to lower fixed costs to the company. In effect they do get legally lower salaries than those employed in a permanent position. But does the fact that you as a person have a permanent job or not influence your integrity towards the company you work for? This led to the second proposition:

Proposition 2. People working for a company through a labour broker will have a lower level of integrity towards the company it works for, than people employed as permanent workers.

The second proposition was tested by using the Integrity Profile-200 instrument. All employees irrespective if you are permanent or a labour broker, integrity level was tested. The IP-200 instrument is not company

specific and can be applied to any individual or selected social group. The integrity levels of permanent workers were summarised as well as those of the labour brokers.

The two summarisations were compared and the researcher hoped to see whether there is a significant difference in the integrity level off the above two groups. If the results show a major difference in integrity level then this will open up a field for further research in respect of whether it is worth employing people on a contract basis if their integrity level differs so dramatically. Then you need to decide which is the better option; going for the cheaper labour and save on fix costs or go for higher integrity which can result in lower financial stock losses.

3.3   Exposition of the investigation

3.3.1 The sample

The research was done at a branch of Clover SA the biggest dairy company currently in South Africa. The branch selected is Nelspruit as the researcher is involved in this branch, in his capacity as branch manager of Clover Nelspruit. Clover Nelspruit consists of two divisions namely Commercial and Logistics.

Commercial consists of all the sales representatives and merchandisers. Commercial did not form part of this research due to the limited accessibility to those people. The merchandisers are situated in different stores and in different towns and therefore limits communication with them. The sales people are representatives whose function is communications with the customers and are therefore also very seldom at the branch. Thus the research only included the Logistics side of Clover Nelspruit.

The Logistics side of the business is responsible for the administration, distribution and warehousing of the dairy related products. The main responsibility of Nelspruit Logistics is to ensure that products get from its warehouse to the retailer on time, to make sure that it has been accurately invoiced and that the products get delivered at the correct temperature. These services are provided for Clover, Danone Clover and Clover Beverages, as well as for other principals including Eskort, Todays, Orley, Imak/Floyds/Flavour Foods, Iqlaas, Rainbow, UBR Margarine, Foodcorp and Thistlewoord. The logistics side of Clover's business is the largest service provider in the chilled and frozen distribution channel as they move a variety of products ranging from milk products to margarine, chicken to chocolate Super M, through to sauces and soups(Materials handling & Logistics Today, 2004).

All personnel from Clover Nelspruit logistics division were included as the target population. The researcher did not select a sample from this population, as all personnel of Clover Nelspruit logistics were included. For this research then the target population and sample are the same. The total target population (Nelspruit logistics) did form part of the sample, as all personnel were included to complete the integrity questionare and participate in the development of their integrity. They participated out of their own free will and no pressure was applied on them in order to get their participation. During a briefing session they were informed about the research and that it was voluntary to participate.

 In total the Logistics division of Clover Nelspruit consists of 69 people. There are 10 people working in the administration department, 18 personnel working in the warehouse and 40 people working for distribution. A branch manager heads the Logistics division.

Of the personnel component of Logistics, 8 workers in the warehouse are permanently employed and 10 hired in from labour brokers. In distribution 21 of the workers are permanent and 19 are hired from labour brokers. All

personnel working inside the warehouse as well as those working in the distribution are males. All the personnel working in the administration department are females and are permanent employed. Thus in total are nearly 42% of the Logistics division personnel are hired from a labour broking firm but they are filling positions that are permanent.
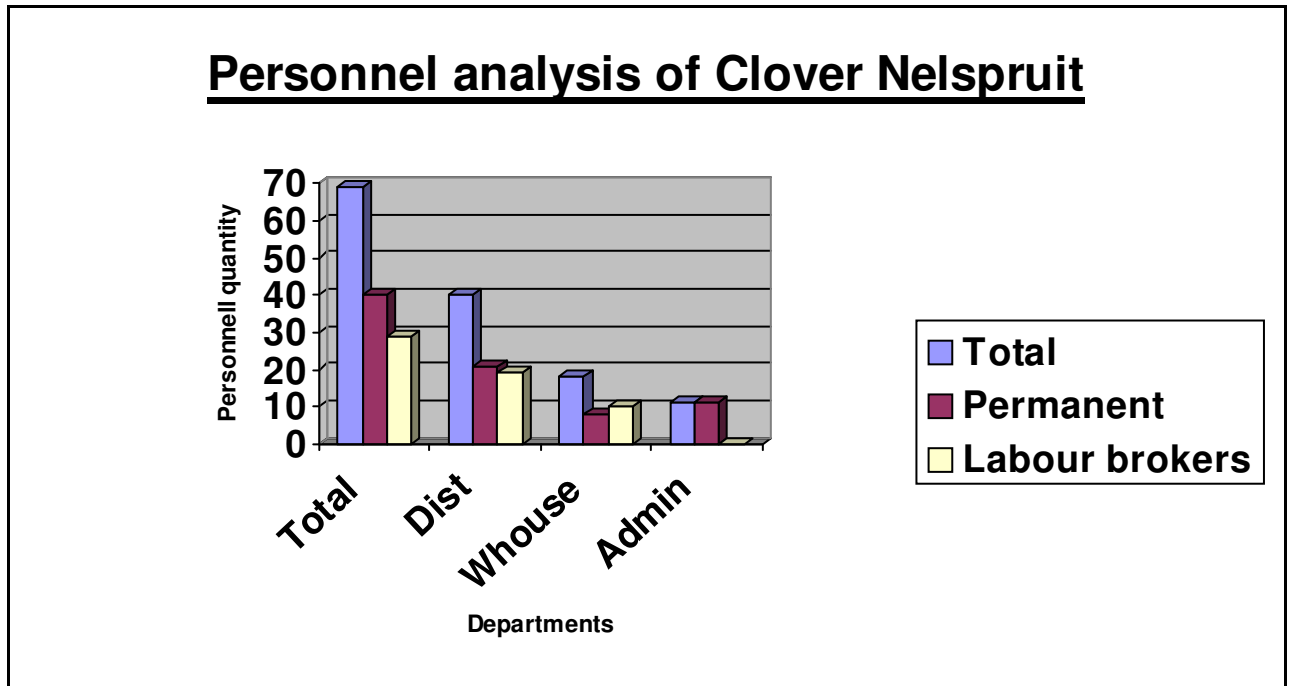
Figure 3.1 Personnel Analysis

Figure 3.1 is a graph showing the personnel component of Clover Nelspruit illustrating the division between the permanent and temporary employees per department.

All permanent employees had worked in their present job for at least 1 year and all personnel hired in from a labour broker firm worked for at least 2 months. The ages ranged from 23 to 60 years, with permanent employees from 23 to 60 years and those from the labour brokers age range from 22 to 44 years. The average age of the permanent employee's is 41 years and those of the labour brokers firm 31 years.

Only one male from the labour broker firm was replaced with another during the period June 05 till September 05. This was due to an incident of theft that led to the termination of this contract worker. Due to him filling a position of van-assistant he was however immediately replaced with another male from the labour broker firm.

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The method of data collection was through interrogation and communication. A valid integrity-measuring instrument (Integrity Profile – 200) that was developed to address the most critical requirements in the integrity field in a scientific and professional way was used (Fick, 2005).

In total 66 employees out of a possible 69 employees completed the survey or 96% of the targeted population. Two permanent employees did not complete the survey due them being on annual leave while one permanent employee did not complete do to sick leave. From the three employee's not completing the survey two were from the distribution department and one from the warehouse department. In administration all employees participated and all employees hired in from labour brokers completed the survey.

A detail description of the measuring instrument the IP-200 is given in the following sub-heading as well as why it is considered to be a valid and reliable instrument.

3.3.2. The measuring instrument

The instrument that was used to measure the personnel's integrity is called the Integrity Profile-200. The Integrity Profile-200 (IP-200) is an integrated measuring instrument, consisting of ten substructures specially developed to assess the complex construct-field known as integrity. The IP-200 was constructed to assess the integrity of the person being evaluated by the instrument and to generate the general corporate

integrity climate associated with certain broader groups of people assessed (Fick, 2002).

The basic purpose of this instrument is to differentiate between people demonstrating deviant and counter productive attitudes and behaviours and those demonstrating healthy and acceptable attitudes and behaviours. The IP-200 is not restricted in its development to any particular application. It can be applied to young people, pre-employment assessments, generic industries or select social groups. All perspectives are covered to include gender, race, mild transgressors or serious violators. Language plays an important role in assessment and was thus kept at an elementary level whilst relatively simple sentence construction was used in writing the items themselves (Fick, 2002).

The instrument measures the integrity of testee's by assessing their perception and attitude to counter productive and deviant behavior in society (more specifically the workplace) by themselves and others. This is accomplished by sampling the testee's perceptions, attitudes and actual behaviour towards social deviance and on-the-job counter productivity.

The instrument covers the Ten Substructures that integrity is comprised of according to research done (Fick, 2002). The substructures are incorporated in the instrument in such a way that nine scales are provided for the assessment of any candidate submitted to the instrument. These scales (consisting of five sub-fields with four supportive items each) facilitate the construction of a comprehensive Integrity Profile reflecting the testee's relevant assessment within the integrity field. The substructures can be described as follows:

Socialisation,
Trustworthiness,
Credibility,
Corruption Resistant Work Ethic,

Integrity Constraining Attitudes,

Dysfunctional Behaviours,

Manipulative Abuse of Power,

Values,

Transforming Commitment and Managerial Integrity,

Monitoring Factors

Each substructure is covered through 20 questions. Each substructure is covered through five factors each which in turn are based upon four supportive items through which the relevant information for assessment is gathered.

The tenth substructure (monitoring factors) represents a control mechanism, measuring the so-called "lie-factor" as well as the degree of consistency with which the instrument is completed.

The IP-200 consists of 200 questions/statements (Appendix B). Each one of the questions/statements consists of four alternative answers/responses that usually form a natural progression negatively or positively. The result of each employee will be a summarised report form (Appendix A) that reflects the scores of the ten substructures and the integrity profile related to it, as well as total integrated integrity rating on the top part of the form.

Three factors to consider when choosing an integrity test were given by Wanek (1999) and the researcher made it applicable to the chosen test the IP-200.

1. Choose a test with proven reliability and validity.
The IP-200 succeeds to differentiate well amongst respondents with good integrity and those with lesser levels of integrity. The instrument shows a discriminant validity of r=0.66 and is considered significant and acceptable (Fick, 2002). In a study done by Fick (1998) on the internal consistency of

the IP-200 conducted in South Africa a reliability coefficient of 0.84 was achieved. This result represents a very good internal consistency/reliability (Fick, 2002).

2. Choose a test consistent with the image of your company. Make sure that the questions don't make you uncomfortable.

Experience, custom, ethnic preferences, cultural differences, were also taken into account in the writing of the items used in the IP-200 instrument. No offensive language or foreign and alien concepts are used and experts in cultural matters assisted in the finalization of the text (Fick, 2002)

3. Choose a test that matches the type of applicants being assessed. Make sure the test is valid for all levels and consider the reading level of people taking part.

The IP-200 instrument was developed to be completed by people from every walk of life and on any organisational or scholastic level. The readability level for the IP-200 is sixth grade. Given the sixth level of readability, little respondents, age 15 years and older should experience little, if any, difficulty comprehending the IP-200 items (Fick, 2002)

Thus in measuring the IP-200 against the factors that Wanek (1999) put together it is found that the IP-200 does indeed comply with the three factors.

3.4   Limitations of the study

The limitations that are experienced in this research are mainly due to the choice of a case study. The main limitation with a case study is the lack of generalisability of the research results. The population from whom the sample is taken is restricted to one company and in this research Clover SA Nelspruit branch is used. Therefore an attempt to capture a population's characteristics would not be successful due to the fact that an

isolated population and therefore isolated sample was selected. Although people not working for Clover current levels of integrity can be measured, the development and improvement of their integrity levels cannot be monitored outside Clover.

A further limitation of this research is that the research and results are time consuming and difficult. In order to test the first proposition, the stock losses in rand value for several months have to be considered. Only once the integrity levels of the employees are established and the necessary strategies put into practice, will (or will not) an improvement of the stock losses be noticed. Therefore an immediate result is not available and only constant monitoring of the monthly stock losses will result in an answer to the first proposition.

The surveys were completed by the employees during the month of June 2005. The employees were briefed before the completion regarding integrity and strategies that would be implemented during the following months to develop their level of integrity. The roll out of the strategies took place from July 2005 and is continuing up till this date. The monthly stock losses are monitored since June 2005 till September 2005 and compared against the monthly losses for the period July 04 till May 2005.

A more practical limitation that needs to be dealt with is with the personnel working in the distribution department. These are the drivers of the Clover vehicles and their van assistants. Although these personnel do report to the Clover branch each morning they are actively delivering the product to the customers and are therefore not constantly reachable. Therefore the limitation here is the time available to communicate and motivate them in the area of integrity. The communication is limited to short early morning briefings. To overcome this limitation of personnel communication, frequent handouts regarding integrity were given to them and a weekly get together is arranged every week.

3.5   Integration

Chapter three is defining the research methodology that was used by the researcher. It clearly defines that the research is qualitative as well as quantitative. The reason for being qualitative is that the research is a single case study being done on one specific company and quantitative through the use of the IP-200 questionnaire to measure the integrity level of each individual.

The research was conducted in three phases that could be grouped into pre-test phase, intervention phase and post-test phase. In the pre-test phase a literature study was done, followed by the intervention phase where the integrity measurement took place as well as the implementation of the strategies in order to develop the level of integrity of the employees. In the post-test phase the success of the implementation of the strategies were measured through the comparison of the monthly stock losses.

 Two problems involving the level of integrity of the workers as well as the development of the integrity of the workers were addressed through two propositions. The sample consists of all personnel from Clover Nelspruit logistics division. A very high response rate of 96% of the targeted population was obtained.

The measuring instrument used to measure the integrity level of the employees is called the Integrity Profile-2200. The instrument was proven to be valid as well as reliable. Certain limitations have to be dealt with in this research such as the generalisation of this finding due to the limitations on population inclusiveness and the time frame in which this total measurement took place.

The next chapter outlines the strategies implemented. The implementation of the situational factors namely desirability, group norms and risk as well

as other strategies are discussed. The next chapter concludes with a summary of the strategies implemented.

CHAPTER 4

STRATEGIES IMPLEMENTED

4.1   Introduction

It was proven in theory that it is possible to develop the integrity of people. Strategies need however to be implemented in an organisation in order to develop the employees integrity level. This chapter covers the strategies implemented by the researcher in order to improve the integrity levels of the Clover Nelspruit employees.

4.2   Strategies implemented

It is important to remember that virtues are not inborn: they are learnt or acquired through education and practice (Kretzschmar, 2002). Therefore unless moral formation is taking place at places of work the chances of ethical conduct being widely manifested in the business world is slight. It is important for an organisation to employ strategies in order to develop integrity within its personnel and take pro-active steps to influence them towards honesty.

With the first paragraph in mind strategies were taken from the theory and made applicable to the Clover Nelspruit work situation. All three situational factors were implemented as strategies together with other strategies taken from the theory.

On Monday 6 June 05 all employees of Clover Nelspruit were called together for a meeting before the start of the working day. The meeting was lead by the branch manager. In the meeting the branch manager informed the employees of his current research regarding integrity. He informed them that approval had been received from the Head Office in Roodepoort to conduct the research on the employees of Clover Nelspruit.

The researcher informed the employees of the IP-200 questionnaire that must be completed by all employees. It was emphasised to the employees that the questionnaire will not influence their work performance or evaluation in any way and that the results of the questionnaire would only be used in confidence by the researcher in his studies. There were no objections from the employees and no questions were asked. The response from the employees was very silent.

On the same Monday morning 6 June 05 the researcher informed the departmental heads regarding the research. In the departmental meeting the researcher explained to the departmental heads the reason for the research and the need for the questionnaire to be completed. The researcher informed the departmental heads regarding the theory on the development of integrity and what the researcher's intentions were regarding the Clover Nelspruit branch. The reaction from the departmental heads was very positive.

The warehouse manager was particularly interested in the theory of the development of integrity. The warehouse manager was the responsible person to account for the branch stock losses and he saw this as an additional tool to use in combating the stock losses. Both departmental heads pledged their full support to the completion of the questionnaire and the strategies that followed.

4.2.1 Completion of the IP-200 questionnaire

Before each individual employee started completing the questionnaire they were briefed by the researcher regarding the use of the results in the researchers study. They were informed regarding the need to measure each individual's level of integrity to in the end get a combined integrity level for the branch. The employees were informed regarding the development of their integrity through communication and the next steps that will be done.

The employees were specifically informed regarding the lie factor in the questionnaire and the need to be total honest in their answering of the questions. The employees were assured that nothing will happen to them when answering in an honest way and no results will be used against them during his normal line of duty.

The questionnaires were first completed by the administration department. The reason behind them completing the questionnaire first was due to practical reasons. They are in the same building as the researcher and are always available on the premises during working hours.

The completion of the questionnaire for the warehouse and distribution department was a bit more difficult. The warehouse personnel are due to their work constraints only available in the morning and not all warehouse personnel are available at the same time. This resulted in the warehouse personnel completing their questionnaire in a two-week span, two to three employees at a time.

The distribution's department completion of the questionnaire was the most difficult. The distribution personnel do daily deliveries and were not available to the researcher until they completed their delivery rounds. It took nearly three weeks in June 05 for all distribution employees to complete the IP-200 measuring instrument.

4.2.2 Strategies implemented – situational factors

The situational factors implemented by the researcher were those identified by Finkelstein, Mikulay & Neuman (2001) namely desirability, group norms and risk. They believe that it is important to understand the situation of the employees in order to understand why people show certain counterproductive behaviour. This is a confirmation of Murphy's (1993) suggestions that the likelihood of a counterproductive behaviour will occurring is a function of three factors namely perceptions of necessity, perceptions of acceptability and the perception of risk.

4.2.2.1 Strategies towards situational factor Desirability

Through the situational factor desirability it is important to understand the desirability of the outcome rather than simply the desirability of the object (Finkelstein, Mikulay & Neuman, 2001).

The strategy Clover implemented was to find the reason behind the stealing if some employee was got caught stealing. The researcher wanted to know what the intention of the stealing was and if that intention could be addressed or been prevented.

The opportunity to test this strategy did arise on 17 August 05 when the branch manager was informed of an alleged misconduct by one of the labour broker employees. The branch manager was shown video material by a private investigator of an employee selling stolen cheese to an outside party. The employee pleaded guilty when seeing himself on the video material and was released from his temporary contract.

The researcher questioned the employee in order to gain insight into the reason behind the stealing. The only reason provided by the temporary employee was that he did steal the cheese and sold it of because he needed the money. In a question from the researcher if his weekly

remuneration was not enough he replied that it was not enough to support his family.

The answer received from the employee caught stealing led the researcher to consider another strategy. This strategy was to follow the equity theory of Berkowitz, Fraser, Treasure & Cochran (1987) that led to benchmarking the salaries of the distribution and warehouse personnel against its competitor in the sales and distribution industry. If inequity exists theft can be more desirable because it can function as a method for increasing the benefits that an individual receives.

Table 4.1 is a comparison of the salaries between a Clover employee and those of its competitor in the same industry namely Cold Chain. The reason why Cold Chain was selected to benchmark was because Cold Chain employees are working in the same conditions as their Clover counterparts.

	Clover		Cold Chain	
	Permanent	**Temporary**	**Permanent**	**Temporary**
General Worker	R2 903	R9.68 p/hour	R2 625	R9.83 p/hour
Van Assistant	R3 335	R8.88 p/hour	R2 920	R9.64 p/hour
Driver	R3 542	R24.00 p/hour	R3 060	R24.00 p/hour

Table 4.1 Comparison salaries

As can be seen from the above table Clover salaries for permanent employees are constantly more than those of its competitor in the same industry. Therefore no inequity exists in the salaries of the permanent employees of Clover if compared to a company in the same industry and conditions.

In a comparison between the rates paid to temporary employees per hour there does exist an inequity between the rate paid by Clover and the rate paid by Cold Chain. For a temporary general worker Cold Chain is paying 1.5% more and for a van assistant Cold Chain is paying 8.5% more per hour than Clover.

An inequity also exists in Clover between the salary of a permanent employee and the salary of a temporary worker hired through a labour broker. The salaries of the permanent workers are based on a 45 hour working week and when the temporary workers are converted to the same monthly salary then they do get a salary of +-13.5% lower than the permanent employees. If the company contribution to a pension fund is included in the salary of the permanent employees then the inequity increases to +-25% as the labour broker firms do not contribute on their employees behalf to a pension fund. The above is clearly indicating that inequity exists between the salary of a worker permanently employed and one that is employed through a labour broker.

The testing of the above strategies of desirability and equity was however limited to only one incident. During the five month period under research only this one employee was caught in the act of stealing.

4.2.2.2 Strategies towards situational factor group norms

Group norm refers to the perception of the group regarding a particular behaviour's acceptability. This normative context created by co-workers on the unacceptability (or acceptability) of a certain behavior provides for further input to an individual's decision on whether to pursue that behaviour (Finkelstein, Mikulay & Neuman, 2001).

The strategy implemented by Clover is through communication and strong disciplinary action when needed to indicate that counterproductive behaviour is not acceptable. The branch manager arranged as from 5 July

05 a short weekly meeting with all the personnel before starting with the days work. The branch manager used those meetings to inform the employees on the subject of honesty, integrity and ethics in the workplace. Information regarding Clovers disciplinary code was explained to them and a copy of the disciplinary code was handed to each employee.

The misconduct by the temporary employee on 17 August 05 was dealt with according to the disciplinary code of Clover. In the weekly meeting of 23 August 05 this specific incident was brought to the attention of all the employees and the branch manager made it clear that such behaviour was unacceptable and contrary to Clovers interest. The branch manager informed the employees that illegal actions won't be tolerated and that they will face the necessary disciplinary action.

In the branch managers meetings with his departmental heads he emphasised that the departmental heads must inform their workers and tell them what is acceptable and what is not. The focus of this strategy was to ensure that all employees knew that counterproductive actions won't be tolerated and that there won't be a more tolerant climate towards these behaviours.

4.2.2.3 Strategies towards situational factor risk

The third situational factor is the perceived risk that is attached to engage in counterproductive behaviours. The higher the perceived risk the less should the counterproductive behaviours be (Finkelstein, Mikulay & Neuman, 2001).

This strategy differs from the strategy group norms. Through the strategy of group norms the aim was to create the perception that a dishonest act was not acceptable to the group (fellow workers and management). The strategy towards the situational factor risk was to increase the awareness

of been caught and then to face disciplinary action that could lead to the employee being dismissed.

The strategy applied by Clover was to increase the employee's perception of risk by ensuring that all employees knew the penalties applicable for an offense and much stricter stock control. Through focusing on stricter stock control Clover introduced a daily stock count that is fed into the computer to produce a report showing any stock variance. This daily stock count is now being done for more than a year. The branch manager and warehouse manager decided to monitor the daily stock variance report much closer and to immediately follow up any major variances. The aim through this strategy was to detect any stock losses much earlier in order to investigate such stock losses immediately and this could then lead to identifying the dishonest person much quicker.

As part of the strategy the warehouse manager called all his employees from the warehouse together and explained to them the need for more accurate daily stock counts. All major stock variances were the same morning taken up with the employee responsible for the stock count. A recount was then done and should the variance be a true reflection of the stock difference; an investigation was immediately launched to find an answer for the missing stock. This strategy focused on stricter control and the detection of theft much earlier. Through these actions the management team tried to make it clear to the employees that there is a risk in being caught.

The strategy to increase the employee's perceived risk was further strengthened through the handing out of Clovers disciplinary code and explanation of the penalties to each employee by the branch manager. All employees then knew the penalties for each type of counterproductive behaviour and this should have influenced their perceived risk.

4.2.3 Other strategies implemented

In all the theoretical studies done on strategies to develop the integrity of your employees one word namely communication stood out. Van Vuuren (2002) states that a two-way communication system needs to be implemented. Van Zyl (2001) also valued open and regular communication and Den Hartog, Shippers & Koopman (2002) stated that regular communication ensures an exchange of information about wants, needs and expectancies ensuring that parties do not lose touch.

Strategy communication and education:

The management team accepted the strategy of communication and implemented it at the beginning of July 05 through weekly meetings with all employees. The meetings occurred once a week and were led by the branch manager himself. The meeting started of with the reading of an article regarding integrity that the manager obtained through his theoretical research on integrity. The article regarding integrity was meant to teach the employees to more openly communicate about honesty and integrity. It was important to teach the employees regarding the statistics of counterproductive actions in order to motivate them to develop their level of integrity. A copy of the article was given to each driver after each meeting in order to ensure that the article was read whilst on their route to the customers. Copies of the articles were also distributed amongst the warehouse and administration departments.

Strategy integrity on every agenda:

The branch manager also made sure that all meetings led by him had a discussion of integrity on the agenda. In his departmental meetings it was constantly emphasised to the departmental heads that ethical behaviour begins at the top. He stressed the fact that staff members looked no further than the behaviour of their immediate manager in determining the ethos of the company. The branch manager ensured that his management team knew what was expected of them regarding their integrity and expected of them to take action on the values they espouse.

The branch manager also ensured that integrity was on the agenda of the monthly shop stewards meeting. In the shop stewards meeting the branch manager informed the two shop stewards regarding the need of shop stewards to be of high integrity. He made sure that the point of integrity was on the minutes of the shop stewards meeting to ensure that feedback was given to the workers on the integrity discussion.

This was in line with the strategy by Rogers (1995) to ensure that the leaders (in this case the shop stewards) share their feelings and beliefs on integrity so that employees gain a clear picture of their leaders values. On 12 September 05 a six monthly employment equity meeting was held. Again the branch manager ensured that the point of integrity and work ethics was on the agenda and discussed.

Strategy to promote whistleblowing:

Clover already had in place a method for whistleblowing. The notices regarding whistleblowing were on all the notice-boards for the employees to see. However the researcher saw the need to emphasise the use of the ethics helpline. This was in line with the Second King Report on Corporate Governance that advised that the company should consider the need for a confidential reporting process covering fraud and other risks (Dekker, 2004). The branch manager communicated the helpline in one of the weekly meetings and handed a copy of Clover's ethical helpline to all drivers present and selected staff from the administration and warehouse department. The branch manager urged the employees to use the helpline whenever they saw the need.

Strategy to develop an ethical code:

Van Zyl (2001) suggests that an ethical code can further strengthen communication if it was made living documents and not just management statements. This was confirmed by Whitley, Bernard & Keithspiegel (2001) but however said that employees are more likely to adhere to an ethical

code if they assist in developing the policies and it is not imposed on them from above. The branch manager explained in his weekly meeting on 3 August 2005 the need for an ethical code for Clover Nelspruit. The employees elected a representative in each department to form the ethical committee. The main purpose of the committee was to formalise a code of ethics for the branch and to deal with general integrity issues that may arise.

The branch manager handed three articles to each representative in order for them to learn more regarding a code of ethics and what is regarded necessary to consider when formalising a code of ethics. The articles were all mentioned in the theoretical study done by the researcher. The articles were Ethics are good business, Management modeling behaviour and Ethics in the workplace.

The first ethical committee meeting took place on 17 August 04. All the committee members came prepared for the meeting and suggestions were made for an ethical code. A code of ethics was prepared for Clover Nelspruit consisting of nine value statements (Addendum C). The code of ethics was presented to all employees during the week of 29 August 05 and all agreed in general that the code of ethics would guide their behaviour in questionable situations. The code was laminated and put on all notice boards.

Strategy to reward acts of integrity:
The branch manager also started highlighting and rewarding acts of integrity during his weekly communication to the employees. A driver of the month was rewarded for best driving score during the previous month. He was awarded a t-shirt and clover cap and his photo appeared on the notice board underneath the heading "Driver of the month". Employees showing acts of integrity was announced weekly to all other employees and rewarded with a t-shirt and cap. Their photos appeared also on the notice board under the heading "Employees of the week". Acts of integrity

that was rewarded was admitting and fixing mistakes, returning of stock incorrectly overloaded, responding to requests by the supervisor to leave early on their rounds and limiting damages on the trucks.

In summary strategies that were implemented by the branch manager to develop the level of integrity among the employees are as follows:

- Address situational factor desirability
- Increase perception of high integrity by the group
- Increase the perception of situational factor risk
- Communication and education regarding ethics
- Integrity a standard item on agendas
- Emphasise the use of the ethics helpline
- Developing a code of ethics
- Rewarding acts of integrity

4.2.4 Integration

According to the theory it is possible to develop the integrity of employees. Virtues are not inborn: they are learnt or acquired through education and practice (Kretzschmar, 2002). Due to the above certain strategies were decided upon to implement at the Clover Nelspruit branch in order to see if the employee's integrity could be developed.

Strategies were implemented to address the situational factors desirability, group norms and risk as identified by Finkelstein, Mikulay & Neaman (2001). The desirability of one employee caught in an act of dishonesty was tested through the benchmarking of salaries against another organisation. With increased communication and disciplinary action when needed, the situational factor group norm was addressed to ensure that the perceived norm of the group will be that of non-acceptance of acts of dishonesty. Through additional stock controls and discussion of penalties for dishonesty the situation factor risk was addressed.

Other strategies that were implemented were open communication between management and its employees as well as education on integrity through the handing out of articles regarding integrity. Integrity was made a standard point on all agendas, and the use of the Clover helpline was encouraged. A code of ethics was jointly developed between the employees and management and acts of integrity was highlighted and the employees rewarded.

In the next chapter the research results are discussed. The problem statement and research objectives are briefly touched upon. A detailed biographic profile of all the respondents is given and the research results on the testing of integrity as well as the results through the stock losses are discussed.

CHAPTER 5

RESEARCH RESULTS

5.1 Introduction

The previous chapters contained background information on integrity, the measurement thereof, strategies to employ in order to improve integrity and the integrity of part-time workers that form the essential topics of this study. The aim of this chapter is to outline the results from the integrity measurement.

The chapter starts by revisiting the problem statement and research objectives. The results of the integrity measurement and monitoring of the stock losses are then discussed.

5.2 Problem Statement and research objectives

Clover Nelspruit is showing monthly stock losses that could be attributable to acts of fraud, corruption and thefts by its own employees, indicating that some of its employees are people with low integrity. These employees' actions are self-centered and are causing harm to the financial position of the company.

The purpose of this research is to investigate people's integrity in their workplace, to establish if integrity can be a powerful antidote to fraud.

Research done showed that integrity can be measured validly and reliably and that it can be developed in people. Thus the need to measure the employee's integrity, and then employ strategies to develop the integrity levels of the employees, in order to measure if the higher integrity level of employees will influence the stock losses positively.

The second problem the researcher wants to address is the use of younger, temporary workers instead of permanent workers to fill permanent positions. The researcher aims to compare the integrity levels of permanent workers against those of the labour brokers in order to see whether a permanent position makes you more loyal and honest to your company.

5.3   Biographic profile of respondents

In total 66 employees out of a possible 69 employees completed the survey regarding their integrity status or 96% of the targeted population. Although 66 employees did complete the questionnaire only 31 employees results could be used due to the lie factor build into the questionnaire. One of the substructures of the questionnaire was to measure the tester's commitment to answer the questions in an open, honest and objective way.

However, irrespective of them being requested no to lie and being warned in the instructions that their lie factor will be assessed 35 employees did score lower than 4 to the constituent factor lie. This means that those employees wanted to create or force a favorable image that differs from their true image but were exposed in the process. The employees not passing the lie factor already showed that they are dishonest; irrespective of their motivation to do well on the test. The inherently honest and high integrity person tends to remain honest even under this tempting conditions or circumstances (Fick, 2002).

In figure 5.1 a breakdown of the employees doing the integrity questionnaire are shown together with a breakdown of the employees eliminated and those that "pass" the lie factor. In total 66 employees participated in the survey of which 37 were permanently employed and 29 employed through labour brokers. Only 31 employees or 47% did pass the lie factor of which 18 were permanent and 13 temporary. In total 35 employees or 53% were eliminated due to the lie factor of which 19 were permanent employees and 16 labour brokers. Percentage wise 51% of the permanent employees were eliminated and 55% of the temporary workers were eliminated.
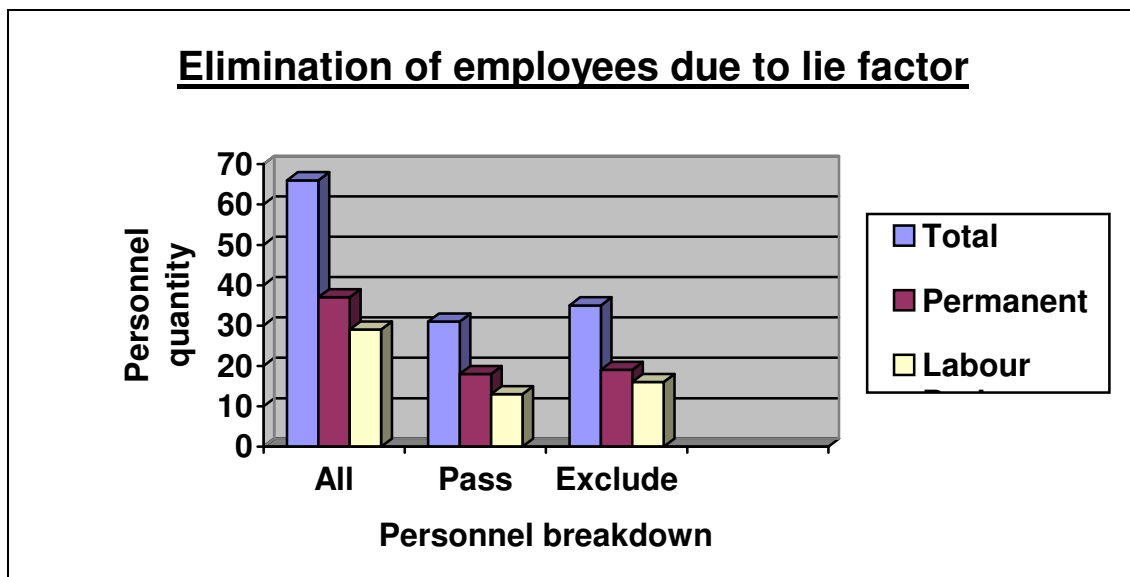
Figure 5.1   Effect of lie factor

The researcher will firstly discuss the profile off all 66 respondents completing the questionnaire and then in addition the profile of the 31 employees who passed the lie factor.

5.3.1 Biographic profile of all respondents

Of the 66 employees that responded 37 were permanently employed and 29 were employed as labour brokers. The average age of all the respondents was 36 with the permanent employees showing a much

higher average age of 41 against those of the labour brokers with an average age of 30 years.

Figure 5.2 is showing the biographic profile of all the respondents discussed in the previous paragraph. In figure 5.2 the average age of the different respondents are also shown with a split between permanent and temporary.
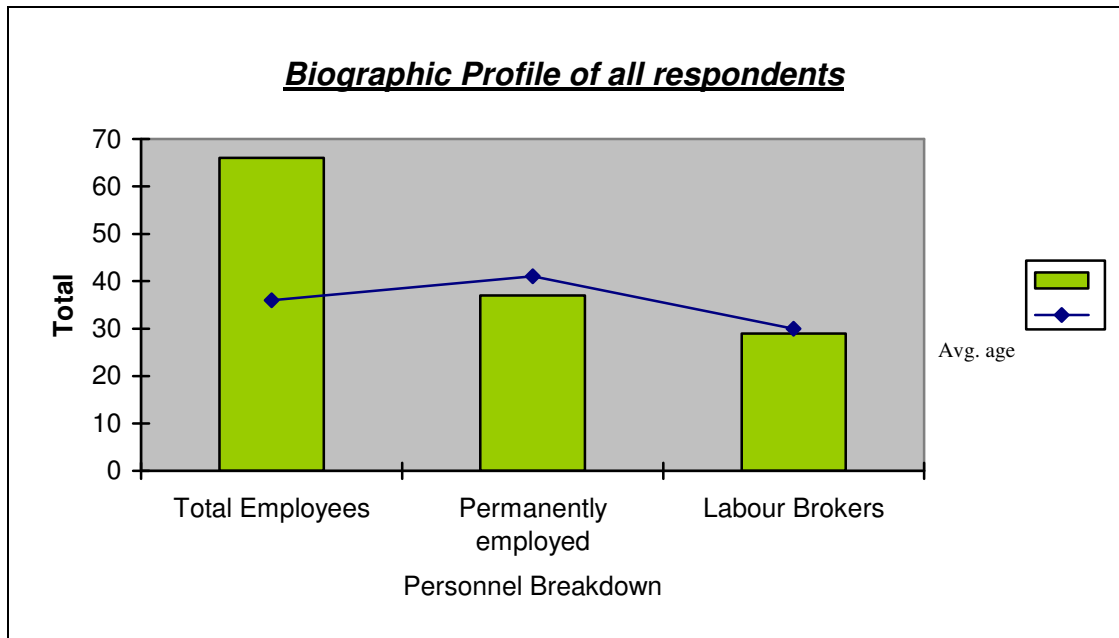
Fig 5.2 Biographic profile of all personnel

In dividing the age groups between younger than 40 years and 40 years and above the average age for the under 40 was 29 and for the 40 and above, 49 years of age. The average age of the 10 woman employed was 46 compared to the average age of the men of 33 years.

All personnel in the administration department responded. In total 11 employees participated of which 10 of them are women. All employees of the administration department are permanently employed with an average age of 45 years. The youngest employee being 29 years whilst the oldest being 56 years.

In the warehouse department all 17 employees that responded are males. Of that 17 there are 7 permanently employed and 10 temporary employed. The average age of the permanently employed is 43 and the average age of the labour brokers is 29 years with the average age of the warehouse in total being 35 years. Two of the respondents are in a supervisory position with an average age of 53 while the rest of the warehouse personnel are general workers with an average age of 33 years. The supervisors are permanently employed.

In distribution 38 employees responded with an average age of 35 years. All the distribution personnel are males and they are equally divided between permanent and labour brokers with 19 employees each. A similar pattern as in the warehouse occurred with the average age of the permanent employees being older on 38 years and that of the labour brokers on 31 years. Eleven of the employees are drivers with an average age of 40 years while the rest of distribution team is made up of van assistants with an average age of 32 years. All drivers are permanently employed.

5.3.2 Biographic profile of respondents not failing the lie factor

In total 31 employees did respond without failing the lie factor. Of the employees that responded 18 of them were permanently employed with an average age of 44 years and 13 were temporary employed with an average age of 30 years. Seven of the employees are women with an average age of 44 years while the 24 men's average age was 37 years. The average age of the 19 employees that are below 40 year of age is 30 years while the 12 employees above 40 years average age is 51 years.

Figure 5.3 is indicating the biographic profile of all the respondents that did not fail the lie factor as discussed in the previous paragraph. In figure 5.3 the average age of the different respondents are also shown with a split between permanent and temporary.

Profile of employees not failing
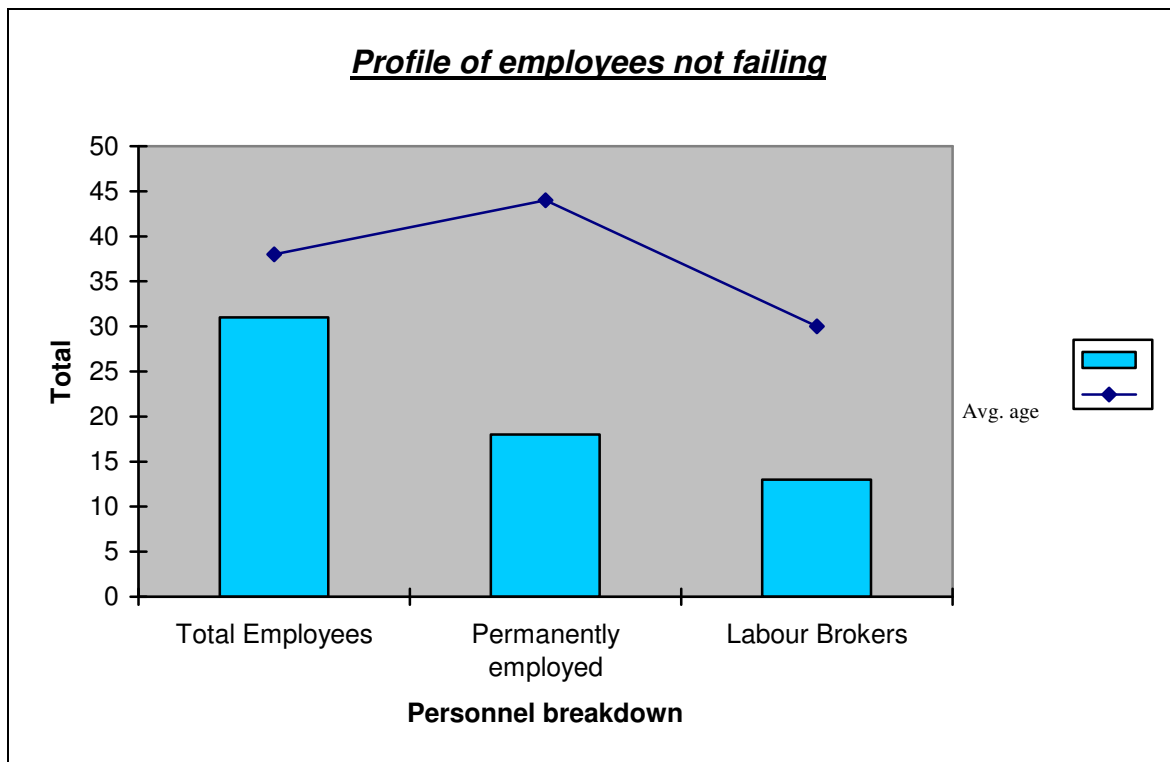
Fig 5.3 Biographic profile of respondents not failing the lie factor

In administration 8 surveys were used, of which 7 were females with an average age of 44 years. All personnel from administration are permanently employed. The age differs from 29 years as the youngest up to the oldest of 56 years.

In the warehouse department 10 surveys were used. All the employees are male of which 4 are permanently employed and 6 on a temporary basis. The average age of the warehouse is 35 years with the average age of the permanent employees been 46 years and that of the labour brokers 27 years. Only one male age 60 year is a supervisor and permanently employed while the rest are general workers with an average age of 32 years.

In distribution 13 surveys could be used. All the employees from distribution are males and 6 are permanent employees and 7 employed through the labour broker. Distribution's average age is 37 years with the

permanent employee's average on 43 years and the labour brokers on 33 years. Three of the employees are drivers with an average age of 50 years all permanently employed, while the 10 van-assistants average age is 34 years.

5.4   Research results on testing of integrity

The first result was the finding that 35 employees lied in their survey to such an extent that their information on the measurement itself could not be used. Although all employees were requested not no lie and being warned that their lie factor will be assessed they still lied. This is clearly an indication of low level of integrity among 53% of the sample. Of the 35 people 19 employees were permanently employed and 16 temporarily employed. The 19 permanent employees failing represent 51% of the permanent employees and the 16 temporary employees represent 55% of the temporary employees. The average age of the employees that failed the lie factor is 35 years compared to the average age of 38 years for the employees whose lie factor was acceptable.

Three females or 30% of the female sample results could not be used due to the lie factor. The three females are all from the administration department and their average age is 49 years compared to the average age of 44 for the rest of the administration department. Not one of the exclusions was in a supervisory position.

The ten females whose integrity was measured consisted of five white females and five black females. In comparing the results between the black and white females it was found that all white females did pass the lie factor and 60% of the black females failed the lie factor.

Regarding the males 32 employees or 57% of them was eliminated due to the lie factor. Sixteen of those employees were temporary male workers representing 55% of all male temporary employees. The results for the

permanent employees were slightly worse with 16 male employees results eliminated due to the lie factor or 59% of the permanent male sample population. The average age of those employees failing the lie factor is 33.5 and the average age of the men whose results were accepted is 36.5 years.

This result is in contradiction with those of the females regarding the age factor. From the females an older age average was eliminated due to the lie factor compared to the males where the employees eliminated were of a younger age average. The results from the males regarding average age elimination however correspond with the overall results from the sample that indicated that people with younger average age were more eliminated due to the lie factor.

In comparing the results of the males through race differences it was found that all the males that failed the lie factor were black. Although only two white males participated which is a very small sample they both did pass the lie factor.

Although in total more temporary employees were percentage wise eliminated than permanent employees (55% against 51%) this could not be confirmed in the results of the male employees. The male employee's comparison showed the permanent employees eliminated at 59% compared to 55% of the temporary employees.

5.4.1 Research results for employees with acceptable lie factor

Table 5.1 is a summarisation of all the results obtained from the integrity questionnaire of the 31 employees that did pass the lie factor. The results are shown according to nine substructures that were measured to assess the construct-field known as integrity. The substructures are socialization, trustworthiness, credibility, work ethic, attitudes, dysfunctional behaviours, power abuse, values and management integrity. The results are on a

scale from one to ten, with people scoring higher showing a more positive attitude to the specific substructure that was measured. A higher score therefore reflects a more positive association with higher integrity and a low score reflects a less positive association with integrity.

	Gender M/F	Age	Perm(P)/Temp(T)	Department	Socialisation	Trustworthiness	Credibility	Work Ethic	Attitudes	Behavior	Power	Values	M integrity	Average
1	M	60	P	W	7	9	8	10	8	8	8	9	10	8.6
2	M	42	P	A	6	8	8	8	8	8	7	7	6	7.3
3	M	25	P	W	7	5	3	5	6	6	5	5	2	4.9
4	M	42	P	D	5	4	6	7	6	6	6	5	5	5.6
5	M	29	P	D	4	4	5	5	6	7	5	6	5	5.2
6	M	31	P	D	8	7	5	6	8	8	6	7	4	6.6
7	F	31	P	A	9	7	6	8	7	6	6	6	5	6.7
8	F	55	P	A	6	8	8	7	8	7	5	7	4	6.7
9	F	52	P	A	5	8	5	9	8	8	6	6	8	7.0
10	F	56	P	A	7	9	7	8	8	7	6	8	9	7.7
11	F	35	P	A	6	7	5	6	6	7	6	5	4	5.8
12	F	51	P	A	5	8	6	7	8	6	4	6	5	6.1
13	F	29	P	A	6	7	6	9	7	7	6	6	4	6.4
14	M	40	P	W	8	6	6	5	4	4	1	7	6	5.2
15	M	60	P	W	8	6	6	5	4	4	1	7	6	5.2
16	M	59	P	D	7	6	5	7	5	7	4	6	6	5.9
17	M	36	P	D	4	3	5	5	6	5	4	3	6	4.6
18	M	59	P	D	6	8	7	8	8	7	6	7	8	7.2
19	M	39	T	D	4	5	5	6	6	9	7	5	5	5.8
20	M	32	T	D	10	6	3	7	7	6	6	7	7	6.6
21	M	30	T	D	6	6	6	7	5	6	3	5	4	5.3
22	M	28	T	D	3	7	4	6	4	3	5	5	2	4.3
23	M	29	T	D	7	6	5	4	6	5	4	5	5	5.2
24	M	40	T	D	5	9	7	8	7	7	5	7	7	6.9
25	M	32	T	D	5	6	7	7	4	7	6	5	7	6.0
26	M	27	T	W	6	5	5	4	7	8	4	6	6	5.7
27	M	32	T	W	4	7	6	7	5	5	5	7	6	5.8
28	M	31	T	W	5	4	6	6	2	6	4	5	4	4.7
29	M	23	T	W	7	5	6	7	6	7	3	4	5	5.6
30	M	23	T	W	6	6	5	6	7	8	4	5	5	5.8
31	M	27	T	W	10	6	8	8	7	10	7	7	9	8.0
Average all employees					6.2	6.4	5.8	6.7	6.3	6.6	5.0	6.0	5.6	6.1
Average permanent employees					6.3	6.7	5.9	6.9	6.7	6.6	5.1	6.3	5.7	6.3
Average Labour Broker employees					6.0	6.0	5.6	6.4	5.6	6.7	4.8	5.6	5.5	5.8

Table 5.1 Summary of results through nine substructures of integrity

On average the results showed very positively towards high integrity. Not one of the substructures showed a factor lower than 5 whilst the highest factor achieved was 6.7. The lowest factor was towards the manipulative abuse of power where a low score would indicate the abuse of power to your own disposal in order to manipulate others to serve your own interest. The highest factor achieved was for work ethic that expresses your commitment and willingness to work with a feeling of self-fulfillment and a sense of accomplishment (Fick, 2002).

Results of permanent employees:

The level of integrity measured by the permanent employees for all the substructures totaled on average 6.3. The highest substructure was work ethic on 6.9 with the lowest substructure power abuse on 5.1. This was in accordance with the findings of all the employees measured. The average age of the permanent employees was 44 years, with both the females and males averaging 44 years.

Results of temporary employees:

The average level of integrity measured from the temporary workers for all the substructures totaled 5.8. This was an average of 0.5 lower than the permanent employees or 8.6%. The substructure that measured the lowest was the same as the permanent employees namely power abuse although their average factor was lower on 4.8. However the highest factor for a substructure was dysfunctional behaviour with a factor point of 6.7. This high factor for dysfunctional behaviour indicates that the temporary employees displayed behaviour that is not deviating from the behaviour that would be expected in terms of generally accepted practice, standards and norms. All temporary employees are male with an average age of 30 years.

Results per department:

The departments of distribution and warehouse delivered the same results as that of the total sample regarding the average integrity. However the difference between the averages of permanent and temporary workers was very small and in both cases was 0.1 factor point which is not significant. The warehouse measured for the permanent employees an average factor of 6.0 compared to the average factor of 5.9 for the temporary employees. Distribution measured an average 5.8 factor-points for permanent employees and an average 5.7 factor-point for temporary employees. These indicating that the administration department which consists only of permanent employees increased the average integrity factor considerably.

Comparing of results of permanent and temporary employees against theory:

Hollinger & Clark (1983) found that the employee's estimate of the likelihood of leaving the job, was positively related to both property and production deviance. There data suggests that those employees who did not expect to continue working for their present employers exhibited a greater propensity for work-place theft and counterproductive behaviour.

The results were a confirmation of the above. The level of integrity measured by the permanent employees totaled on average 6.3 while the level of integrity measured for the temporary workers measured 5.8. This was an average of 0.5 lower. Therefore it could be argued that a temporary employee will exhibit a greater propensity for work-place theft and counterproductive behaviour.

Results between age groups:

To measure the effect of age on the integrity of employees the average results was divided between employees younger than 40 year and employees 40 years and older. There were 12 employees from 40 years and older with an average age of 51 years and their average integrity factor was 6.6. The below 40 employees average age was 30 and their average integrity factor was 5.7. A major difference of 0.9 of a factor point exists or 15% between the average integrity of people 40 years and older and employees younger than 40 years. This was consistent with the findings from the measurement between permanent and temporary employees in that the integrity factor was higher if the average age was higher.

The results in comparing drivers against van-assistants are also a confirmation of the above findings. The drivers that had an average age of 50 years did measure and average integrity factor of 6.6. This was much higher than the integrity factor of 5.5 achieved by the van assistants with an average age of 34 years. In comparing the average supervisors factor against the general workers in the warehouse the measurement could be distorted due to only one supervisor being measured. Therefore no average exists for the supervisors and only one person's measurement can be used. However the results are also confirming that the higher the average age the higher the average measurement factor of integrity. The supervisor aged 60 showed an average integrity factor of 8.6 against the average integrity factor of 5.6 for the general workers with an average age of 32 years.

Comparing of results between age groups against theory:

In a study by Hollinger & Clark (1983) they found that younger employees did seem to report higher theft levels than their older peers. This was confirmed by Cook & Wall (1980) who found that older people seem to be

more loyal towards their workplace and it can be argued to be less active in counterproductive actions.

The results confirmed the above. The 12 employees 40 years and older did show an average integrity of factor of 6.6 compared to the average integrity factor of 5.7 of the employees below 40 year. It could therefore be argued that younger workers might be most likely to engage in counterproductive behaviours.

Conclusion:

The integrity level measured for the permanent employees were higher than the integrity level of the temporary employees. Although the department's distribution and warehouse delivered a non significant difference between permanent and temporary workers, the administration department which consists only of permanent employees increased the average integrity factor considerably. In the measuring of the age effect on the integrity of employees the integrity factor was higher when the average age of the employee was higher.

5.5 Research results through stock losses

Table 5.2 is showing the stock losses in rand value for the period July 04 till September 2005 according to the financial statements of Clover Nelspruit.

Table 5.2 Monthly stock losses in Rand value July 04 – Sept 05

Month	Rand Value
July 04	R27 670
August 04	R22 202
September 04	R21 546
October 04	R20 485
November 04	R33 211
December 04	R17 383
January 05	R29 319
February 05	R20 144
March 05	R22 118
April 05	R26 444
May 05	R34 743
June 05	R19 353
July 05	R8 599
August 05	R13 655
September 05	R10 705

Source: Monthly financial statements of Clover SA, Nelspruit branch

The stock losses for the period July 04 till May 05 reflects the losses from the branch without the employees been briefed regarding integrity. During that period no focus was directed at the integrity of any employees but the effort to stop the stock losses was traditionally geared towards restricting opportunities for theft. Thus all kind of control mechanisms and detection strategies were employed to minimise opportunities for committing fraud.

The monthly average stock loss for the period July 04 till May 05 was in total R25 025 per month. For the four months (June 05 – Sep 05) since the strategies were implemented regarding the development of integrity the average stock loss was R13 078 per month. The improvement was on average R11 947 per month or 47% better than the previous period.

For the month of July 05 the lowest stock loss for the 15-month period was recorded. The improvement did not however show a constant downward trend since the stock loss for August 05 was higher than the stock loss for

July 05. September 05 again showed a lower stock loss than that in August 05 while the stock loss for September 05 was the second lowest for the 15-month period. But the stock loss for August 05 was the third lowest stock loss for this 15-month period and is still considerably lower than the average of the previous period.

The measurement of integrity was done during the month of June 05. This process took nearly 4 weeks to complete due to the difficulty of getting to all employees at the Clover branch. It is however very prominent that the month of July 05 (month after the testing) is showing the lowest stock loss for the 15-month period. This very low stock loss could be the consequence of the immediate effect of the testing of integrity in the prior month.

Figure 5.4 Monthly stock losses in Rand value

Figure 5.4 is indicating the monthly stock losses in rand value. This line graph is clearly indicating the improvement of the stock losses since June 05. The stock losses showed an upward trend for the period February 05 till May 05 but a huge improvement was shown for the month of June 05 that continued up till the last month recorded September 05. This is clearly an indication that there was an improvement in the monthly stock losses for the months from June 05 till September 05.

Comparing of results through stock losses against theory:

It was stated by Kretzschmar (2002) that virtues are not inborn: they are learnt or acquired through education and practice. A confirmation thereof is figure 2.1 which indicates that by creating a culture of integrity within your organisation through the individual employees, that employees with low integrity can however be developed.

Strategies were implemented to develop the level of integrity of the Clover Nelspruit employees. A major improvement of the stock losses for the period June 05 till September 05 was also reported. Although the measurement of the employee's integrity was only done once it could be argued that an improvement of their integrity took place and this led to the lower stock losses for the last four months. These results can then be argued to confirm the above theory that higher integrity can be acquired through education and practice.

5.6   Integration

In total 66 employees completed the questionnaire but due to the lie factor only 31 employee's results can be used. The 35 employees who failed the lie factor already showed that they are dishonest. Therefore it was needed to do a biographic profile firstly of all respondents and then only of the respondents not failing the lie factor.

It was found through the measurement of integrity that the integrity level of the permanent employees was higher than the integrity level of the temporary employees. In the measuring of the age effect on the integrity of employees the integrity factor was higher if the average age of the employee was higher.

The results through the stock losses clearly indicated that there was an improvement in the monthly stock losses from June 05 till September 05. The improvement was on average R11 947 per month or 47% better than the previous period.

In chapter six that follows the researcher discusses and make concluding remarks regarding the development of integrity. There is also a discussion and conclusion regarding the integrity of part-time workers followed by recommendations for future research opportunities.

CHAPTER 6

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

6.1   Introduction

The research study was undertaken to determine if improving an employee's integrity can be positively associated with lower financial stock losses caused by internal theft. Secondary to this objective was to see what the theory suggests in order to develop employees integrity and then how to practically implement the theory into the Clover business. The second proposition leads to the comparing of integrity of permanent employees and those of temporary employees and then comparing the results against the theory that suggests that new, younger and part-time workers might be most likely to engage in counterproductive behaviours.

Chapter 6 concludes this study by determining whether these objectives were met by summarising the information gathered and establishing what inferences can be made from it. Recommendations will then be made regarding further research opportunities.

6.2   Discussions and conclusions

In this section the literature study will be summarised and the conclusions drawn from the results will be compared against the literature study.

6.2.1 Discussions and conclusions regarding the development of integrity

A person with integrity is a person whose behavior is consistent with espoused values and that person is honest and trustworthy. An employee with integrity is an employee a company can rely upon, one that can be trusted upon not to behave in a manner that is counterproductive.

But virtues are not inborn; they are learnt or acquired through education and practice. Moral formation can take place at work but you cannot assume that your employees know the difference between right and wrong. Pro-active steps need to be taken to influence your employees towards honesty.

The effort to stop fraud was traditionally geared towards restricting opportunities for fraud. All kinds of control mechanisms and detection strategies were employed to minimise opportunities for committing fraud. But the insight has since dawned that it is equally important to direct some attention to other factors that causes fraud, namely the motivation for fraud and the lack of feelings of guilt about fraudulent acts.

There is thus a need to implement strategies to improve the integrity within your employees. One of the things that need to be considered in the development of integrity is the role situational factors play when people are committing counterproductive actions. The first situational factor desirability was addressed by the researcher when he interviewed an employee that sold cheese which he had stolen from the delivery vehicle. The employees desirability was more money and this led to consider the equity theory that the counterproductive behaviour might represent the employees attempt to remedy the inequity.

The researcher benchmarked Clover salaries against those of Cold Chain them being in the same industry and conditions. The result showed that permanent Clover employee's salaries was on average 13% more than those of Cold Chain. The temporary employees of Clover however received a much lower salary than the temporary employees of Cold Chain and the researcher acknowledges that inequity does exists in this area. This could have led to the counterproductive behaviour of that specific employee.

In addressing the situational factor group norms the researcher and branch manager made it clear through weekly communications and disciplinary actions against employees that counterproductive behaviour will not be tolerated. Any perception that managers and co-workers tolerate counterproductive behaviour was addressed with clear communication and promoted norms that are opposed to counterproductive behaviour.

In addressing the third situational factor risk the researched increased the perceived risk through stricter monitoring of the daily stock counts and immediate investigations should variances occur. The disciplinary code of Clover was handed to each employee who stated the penalties that could be imposed in a further attempt to increase the perceived risk of the employees.

The researcher also addressed personnel factors in an effort to develop the integrity within the organisation and its employees. Through weekly communication the employees were informed regarding integrity and the advantages of being honest. A code of ethics was established with inputs from all representatives of the branch in order to ensure a moral consensus and that all personnel can be held accountable. The use of the Clover help-line to report fraud was promoted and the researcher ensured through constant emphasis during departmental meetings that management knew that ethical behaviour begins at the top.

The aim of all the strategies implemented was to develop the integrity of the employees and make them more aware of work ethics and to know what is expected of them. The boundaries were drawn for the employees and they knew what acceptable behaviour at the workplace was.

The first proposition stated that improving a person's integrity will be positively associated with lower financial losses caused by internal theft.

Steps as suggested by the theory to develop integrity have been implemented in the work place of Clover Nelspruit since June 05. Therefore the results from the period June 05 up until September 05 can be compared to the financial losses of the previous months in order to establish if lower financial losses did occur. As was indicated by table 5.2 and figure 5.4 there was a major improvement of the stock losses since June 05. The monthly average stock loss up to May 04 was R25 025 per month compared to the monthly average stock loss of R13 078 per month for the period June to September 05. The improvement was on average R11 947 per month or a 47% improvement.

The researcher can therefore confirm the proposition through his results. Improving a person's integrity will be positively associated with lower financial losses caused by internal theft.

6.2.2 Discussions and conclusions regarding integrity of part-time workers

It was suggested in the theory that new, younger and part-time workers might be most likely to engage in counterproductive behaviours. In considering only the age factor older employees seem to be more loyal towards their workplace and it can be argued that they are less active in counterproductive actions.

Currently 42% of Clover Nelspruit's employees are labour brokers which mean that they are not permanently employed although they do fill permanent vacant positions. According to the theory new workers may show a lower integrity level due to them not developing a loyalty to the organisation they work for. Typically new, young and part-time workers are commonly hired for low status and low-paying positions that may be conducive to counterproductive behaviours. In Clover the part-time workers are also used in the low status and low-paying positions namely those of general worker and van assistant.

The theory could then be directly applied to the Clover situation and this led to proposition 2 which stated: People working for a company through a labour broker will have a lower level of integrity towards the company it works for, than people employed as permanent workers. Comparing all employees' integrity level that was established through the Integrity Profile-200 measuring instrument tested this proposition. The summarised integrity levels of permanent employees were compared to the summarised integrity levels of the temporary workers to see if the proposition can be justified.

In total 66 employees completed the survey but due to the lie factor in the Integrity Measuring instrument only 31 surveys could be used. Thirty-five employees already showed in the completion of the questionnaire that they are dishonest; irrespective of their motivation to do well in their test.

In a breakdown shown in figure 5.1 it was shown that 51% of the permanent employees were eliminated and 55% of the temporary workers were eliminated. The difference between the integrity levels is however too small to confirm the proposition. Although the elimination through the lie factor could be an indication of integrity this finding cannot confirm the theory that part-time workers might be more likely to engage in counterproductive behaviour than those employed permanently.

Although in total more temporary employees were percentage wise eliminated than permanent employees (55% against 51%) this could not be confirmed if only comparing the elimination of the male employees. The results show that 59% of all permanent males were eliminated and 55% of temporary male workers were eliminated. This result is in contrast with the theory that part-time workers might be more likely to engage in counterproductive behaviour than those employed permanently.

The average age of all the employees that failed the lie factor is 35 years compared to the average age of 38 years for the employees whose lie

factor was acceptable. The average age of the permanent employees eliminated was 39 years compared to the average 44 years for the permanent employees who did not fail the lie factor. In comparing the age of temporary workers it was found that the average age was the same on 30 years for both temporary workers that failed and passed the lie factor. The above is however a confirmation of the theory that older people seem to be more loyal towards their workplace and that it can be argued to be less active in counterproductive actions.

Table 5.1 is a summary of all the results from the integrity questionnaire on the 31 employees that did pass the lie factor. The level of integrity measured by the permanent employees for all the substructures of integrity totaled on average 6.3. The average level of integrity of the temporary workers totaled 5.8 that was on average .5 lower than the permanent employees or 8.6%. Although the difference is only .5 of a scale point these results are in agreement with the theory that part-time workers might be more likely to engage in counterproductive behaviour than those employed permanently.

Due to the results in the lie factor where the comparison between the males resulted in a different assumption the researcher found it necessary to again compare the integrity levels of all males. The average level of integrity for the permanent males was 6.0 compared to the average level of integrity from the temporary workers of 5.8. This difference is however only .2 of a scale point which is too small to confirm the theory that part-time workers might be more likely to engage in counterproductive behaviour than those employed permanently.

The average age of the permanent employees was 44 years and the average age of the temporary workers was 30 years. Higher levels of integrity were reported for permanent employees as opposed to temporary employees and this supports the theory that older people are less active in counterproductive behaviour. To further test this theory of age the average

results were divided between employees younger than 40 year and employees 40 years and older. The results were consistent with the above finding in that the above 40 integrity measurement was 6.6 compared to the lower average integrity of 5.7 from the employees less than 40 year.

In conclusion it was found that the results are in agreement with the theory that part-time workers might be more likely to engage in counterproductive behaviour than those employed as permanent if all the employees results are compared. Although one test result excluding males disagreed with the theory all other results confirmed the theory.

The researcher can therefore confirm proposition 2 through his results. People working for a company through a labour broker will have a lower level of integrity towards the company it works for, than people employed as permanent workers.

6.3   Recommendations

Various research opportunities pertaining to this study can be identified as outlined below.

- In elimination of the females results when the effect of the lie-factor was discussed it was found that the results for the males was in contrast to the theory which stated: that people working for a company through a labour broker will have a lower level of integrity towards the company it works for, than people employed as permanent workers. Research to compare the integrity level between male and females would therefore be useful.

- Younger employees did seem to report lower integrity levels than their older peers. Research on the causes for this behavior and how their integrity levels could be developed at a young age would be constructive.

- The integrity level of the administration department was much higher than the integrity level of the distribution and warehouse department. Research to find the reasons for the difference between the departments could be helpful in order to address those specific reasons.

- Lots of strategies are presented in theory that could help in the development of integrity. More research is however needed to provide organisational specific strategies in order to develop the integrity level of your total workforce.

- In most organisations an inequity exists between the salary of permanent employees and temporary employees. Research on the effect of this inequity on the integrity of the employees can be useful. By preventing inequity in the salaries of your employees will this lead to employees with higher integrity?

- The researcher did not focus on the different levels of integrity between different race groups. However it was clear from the results that the white people did show higher integrity levels than their black and colored co-employees. Research to confirm this finding and the reasons therefore could be very interesting.

- Virtues are not inborn: they are learnt or acquired through education and practice (Kretzschmar, 2002). Research that can assist parents or teachers to develop the integrity level of children at a very young age can ensure a person with a higher level of integrity.

- Finkelstein, Mikulay & Neuman (2001) found in their research that the likelihood of theft by individuals high in integrity did not increase as risk or exposure decreased, whereas the likelihood of theft by

individuals low in integrity did increase as risk of exposure decreased. Research to strengthen this statement can help to promote this finding to organisational leaders in order for them to develop their employees and then for the organisation to gain the benefit through less control measures.

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INTEGRITY PROFILES   <u>Appendix A</u>

IP-200 : SUMMARISED REPORT

IDENTIFICATION : ………………………..

A.   INTEGRITY PROFILE

TEN SUBSTRUCTURES OF INTEGRITY	SCORE	1	2	3	4	5	6	7	8	9	10
1. SOCIALISATION											
2. TRUSTWORTHINESS											
3. CREDIBILITY											
4. WORK ETHIC											
5. ATTITUDES – INTEGRITY CONSTRAINING											
6. FUNCTIONAL VS DYSFUNCTIONAL BEHAVIOUR											
7. MANIPULATIVE ABUSE OF POWER – NON											
8. VALUES											
9. TRANSFORMATION COMMITMENT & MAN. INTEGRITY											
10. MONITOR; LIE-FACTOR & CONSISTENCY-FACTOR											

INTEGRITY PROFILE

INTEGRITY RATING

B.   FIFTY SUB-FIELD ASSESSMENTS OF INTEGRITY

1. SOCIALISATION
1.1 Social Structure "Setting".
1.2 The Significance of the Role Society Plays.
1.3 Value & Importance of Membership to Society.
1.4 Perception about Membership to Society.
1.5 Association with Members of Society.

2. TRUSTWORTHINESS
2.1 Reliability/Dependability.
2.2 Honesty in Practice.
2.3 Discretion.
2.4 Loyalty.
2.5 Moral Conscientiousness.

3. CREDIBILITY
3.1 Predictability
3.2 Consistency.
3.3 Capacity
3.4 Legitimacy
3.5 Accountability

4. WORK ETHIC
4.1 Perseverance, Commitment and Drive-Initiative
4.2 Self-reliance, Self-Direction & Self-Con.
4.3 Co-op, Sup. & Belief in Corp. & Leader Legitimacy
4.4 Responsibility and Sense of Duty.
4.5 Self-Pride, Pride in work and Pride in Organisation

5. ATTITUDES – INTEGRITY CONSTRAINING
5.1 Attitude to Corporate Property, Image, Man. & Goals
5.2 Attitude to Corporate Policy Violations.
5.3 Attitude to   Rationalisation and Defence Mechanisms.
5.4 Att. Approval Needs & Group & Cliques/Gangs Dependence
5.5 Tolerating Deviant Behaviour in Other - Leniency.

6. FUNCTIONAL VS DYSFUNCTIONAL BEHAVIOUR
6.1 History of Policy Violations.
6.2 History of Dishonesty - including Theft.
6.3 Opportunistic Dishonesty.
6.4 Impulsivity and Instant Gratification of needs.
6.5 Rule-Deviation vs. Rule-Bondednesss.

7. MANIPULATIVE ABUSE OF POWER - NON
7.1 Manipulation for own Interest.
7.2 Emotional Attachment/Involvement.
7.3 Susceptibility to Social Pressure.
7.4 Transparency.
7.5 Unethical behaviour and self-centredness.

8. VALUES
8.1 Honesty; as a Central Guide.
8.2 Dependability; as a Central Value.
8.3 Fairness.
8.4 Respect.
8.5 Courage of Conviction.

9. TRANSFOR. COMMIT. AND MANAGEMENT INTEGRITY
9 (a) Transformation Commitment
9.1 Representation and Empowerment.
9.2 Participation and Transparency.
9.3 Corporate Social Responsibility/Consciousness.
9.4 Life Style Aspirations.
9.5 Willingness to Change.

9 (b) Management Integrity
9.6 Trustworthiness of management
9.7 Credibility of Management
9.8 Manipulative Abuse of Power by Management
10. MONITOR
10.1 Lie-factor x 10.
10.2 Consistency factor x 10.

Note : All scores are on a scale of 10; where 10 always represents the 'good' score.

C O N F I D E N T I A L

ADDENDUM B

IP-200 II VERSION

INTRODUCTION

The instructor will guide you as to how you should complete this questionnaire. It usually forms part of an 'organisational survey', which is part of a wider approach. The purpose is to help you, and the **organisation**[1] to which you belong, to further the best interests of all relevant parties.

INSTRUCTIONS

1. Read each question carefully and answer on the separate "ANSWER SHEET".

2. Do not make any marks on this question booklet.

3. All questions must be answered.

4. The four possible answers range from being very supportive of the statements to totally opposing them. After reading the statement, you must choose the alternative that agrees best with your opinion or situation. For example:

a	b	c	d
B. <u>Agree fully</u>	Agree somewhat	Disagree somewhat	Disagree fully

This key is repeated at the top of each page to assist you in making your choices.

5. The alternatives are represented by the letters of the alphabet. If the second alternative describes your choice the best, you should indicate your choice by blotting out square 'B' on the ANSWER SHEET, as follows:

<u>a</u>	■	c	d

6. Only fill in one square for each statement.

7. Do not discuss the questions or answers with anyone. If you have a question, ask your instructor.

8. Although there is *no time restriction* on completing the questionnaire, work quickly and do not ponder too long on any question. Mark the first alternative that comes to mind as describing your first choice - that is usually the best choice.

9. There are no right or wrong answers.

10. Do not page back in the question booklet.

11. **In the spirit of fairness, the users of this instrument are under a professional and ethical obligation to advise you that the instrument has a built-in Lie Detector as well as an Inconsistency-Monitor. If the Lie-Score is above a certain norm, the result obtained by the entire instrument is classified as INVALID and cannot be**

---

[1] **Organisation:** If you are applying for a new job, consider the situation in your present or previous organisation. If you have not worked before, consider the school/college/university you attended last.

> **used. It does, however, emphasize that the candidate was not completely truthful when completing the instrument – don't 'lie' !**

12. Please note that your results will be treated with confidentiality.

13. Thank you for your co-operation. Please ask now if something isn't clear.

START COMPLETING THE QUESTIONNAIRE WHEN REQUESTED.
BEGIN HERE

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

1. I grew up in an *immediate family* (i.e., parents, brothers and sisters) that did **not** form a *close family unit* because both parents and brothers and/or sisters were not always present.

2. My *timekeeping* is excellent; I am always on time, if not earlier.

3. I *always do* what is expected of me.

4. I *never give up* on anything I want to do.

5. I believe I have the right to use the *property* of my <u>workplace</u>[2] to serve my own personal needs in a responsible way.

   ➢

6. I believe one should adapt the *policy*[3] at work to fit/suit one's personal needs.

7. It is the best approach to *make others believe* your ideas came from them.

8. People who know me well, will describe me as *totally honest.*

9. In our organisation all culture, race and gender groups are well *represented*.

10. I have *never lied* before.

   ➢

11. I grew up in an *extended family* (e.g., grandparents, aunts, uncles, nieces and nephews) where I know most of the members and we are/were very close.

12. I nearly *always do* what I say I will do.

---

2 **Workplace:** the organisation, company, or institution where you work or study.
3 **Policy:** the rules and regulations according to which people in a group or organisation must work – guiding their behaviour as a group.

13.   "*Like you see me today, you will see me tomorrow*" – i.e., very much the same.

14.   I am known to *persevere* (keep going) in any work irrespective of obstacles.

15.   I do not like the *image* projected to the outside world by the organisation I work for – i.e., what our organisation looks like to outsiders.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

16.   It is *never necessary* to learn to 'get around' work policy - i.e., to bend rules at work.

17.   One gets best results by influencing others to make their decision the way you want it without them even knowing it.

18.   To be quite frank, I am somewhat *dishonest*; it is the nature of people to be dishonest.

19.   The so-called disadvantaged group of people are *not fully represented* at management level at work (i.e., our organisation).

20.   I have *never been late* – only poor planners are late.

➢

21.   I do **not** *belong* to a <u>*social structure*</u>[4] (community) where there is a place and a role for everyone (including myself).

22.   I will *never share information* with any one else someone gave to me in confidence.

23.   One tends nowadays to *disappoint others* in not living up to what they expect of you – including myself.

24.   Most people (like myself) pretend to like their work for the *show only*.

25.   Most seniors/managers at work *earn support and respect* because they achieve their goals being the right people doing the right things.

➢

26.   In many cases it *proves beneficial* to *"beat"/break the policy-system* at work.

---

[4] **Social structures:** include any/all of the following: friendships, support groups, clubs, schools, churches, etc.

27. It is not possible to succeed today without a great deal of *scheming* ("plotting").

28. I believe *everyone is dishonest* to a certain extent – including myself.

29. Much is being done in our organisation to ensure *fuller representation* of all groups at all levels.

30. I have *never been angry* with other people.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

31. I play an important and active *role in society*.

32. I will *always "make good" (honour)* my undertakings.

33. I am a very *predictable and <u>consistent</u>*[5] person.

34. Only 'fools' will be driven to always *do their best* at work.

35. One can easily *support* the *mission and goals* of our organisation.

➢

36. Over time everyone finds it necessary to break some parts or aspects of the policy at work.

37. If you really want something badly, the *interest of others* may need to come second for you to get it.

38. Honesty plays the *most important role* in determining a person's value/worth.

39. Most people who support *greater representation* at managerial level of other gender, race and culture groups, are doing it only for *show*.

40. I have *never worried* before.

➢

41. I think society plays an important/central *role* in our lives today.

42. It is always necessary *to blow up* (exaggerate) your previous work experience (i.e., your 'CV') to obtain a good job; everyone does it.

43. I very seldom (if ever) get the feeling to do *something different*; I value/like <u>*consistency*</u>[5].

---

[5] **Consistent/Consistency** – doing things the same way.

44. At work one should *not try to be self-reliant* and do things oneself, but let seniors rather guide you at all times; that is their job.

45. *Policies* (rules and regulations) are always very important in a work situation.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

46. In my experience *everyone (including myself) will steal* something if they know they won't get caught.

47. One should never become *emotionally involved* at work.

48. One must accept the fact that it is not possible in today's world *to always do* what you say you will do.

49. "*Full participation by all*", is a committed policy in our organisation.

50. I have *never been scared*.

➢

51. The <u>*controlling effect*</u> *society* has on its members (e.g., 'no loud music after midnight"), is a very good thing.

52. Taking something small from work from time-to-time *is not really stealing*; you work there after all.

53. My friends may perceive me as **not** so '*stable and consistent'*; variety makes life interesting.

54. It is not advisable at work to be *self-directed* and do your own thing, but to rather rely on the guidance of others/seniors.

55. One should at all times and under all circumstances *adhere/stick to policies* at work (i.e., rules and regulations).

➢

56. People have tried before to get me to steal something *by showing me* how to do it.

57. There are very few people in the world *worth concerning myself* about.

58. People who accept *responsibility* as a central value in their lives, are always those suffering most through stress, unhappiness, etc.

59. *Transparency/openness* to the fullest possible degree, is practiced in our organisation – i.e., what they really do.

60. I have *never been lost* - physically and or mentally.

a	b	c	d
Agree fully	Agree somewhat	Disagree somewhat	Disagree fully

61. Society has an even *more significant* impact on its stronger and influential *members* than on the weak and spineless ones.

62. *To lie,* in order to promote something worthwhile, is never acceptable.

63. I am *consistent* in, and very seldom uncertain, in my decision-making.

64. One should leave all <u>control-activities</u> at work to the seniors – that is what they are paid to do.

65. *Policies* practically always prevent good work performance.

➢

66. I have often (for good reason) left a shop before with goods *not paid for*.

67. People who cannot make up their minds are *not worth* bothering/worrying about.

68. It is not true that so-called '*dependable* people' are hiding behind their rigidity and predictability.

69. *Participation* (e.g., in decision-making) is open to all in our organisation – and not restricted to the favoured few only.

70. I have *never been stressed* before.

➢

71. Society has *no right to discipline* (control and punish) the people l iving within it.

72. If *too much change* (money) is returned to me, I will keep it as a rule; it makes up for the times I receive too little.

73. I enjoy doing things *consistently* (i.e., the same way).

74. Irrespective of one's work-knowledge, one should always *wait for instructions* before doing anything at work.

75. It is often necessary to *ignore work policy* to benefit others.

a	B	c		D
Agree fully	**Agree somewhat**	**C.**	**Disagree somewhat**	**Disagree fully**

76.   One tends to take things from work as long as no one knows – everyone does it and it is your place of work after all.

77.   It is often good to *let people think* you are doing things in their best interest, even if you know that is not the case.

78.   Loyalty and dependability are highly *valued by 'weaklings'* who can't stand on their own feet.

79.   There is really little effort made in our organisation towards providing greater *participation* to all.

80.   I have *never made mistakes*.

➤

81.   It is very important to me to receive the *approval/blessing of society* on what I do.

82.   I have never done things on the *"spur-of-the-moment"* (i.e., without really thinking/planning) that I now regret.

83.   I *don't always have the skills* to do what is expected of me at work.

84.   *To co-operate fully* at work is sometimes a sign of weakness.

85.   To stay out of trouble, it is sometimes *necessary to lie* to others.

➤

86.   It is only a 'fool' who will not take something if an absolute *safe opportunity* presents itself to you.

87.   To be persuaded (i.e., talked into it) by someone else to do something, is a *sign of weakness.*

88.   Although it sounds good, it is not practical or right to give everyone the *same chance/opportunity*.

89.   Our organisation has a great reputation for fulfilling its *social responsibilities/obligations*.

90.   I have *never lost my temper*.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

91. It would be very hurtful to be *rejected by society*.

92. One tends to *take short cuts* making decisions nowadays.

93. I have *sufficient personal resources* (i.e., everything I need; like skills and experience) to carry out my duties and/or responsibilities) at work.

94. There is absolutely no doubt in my mind that one should *always offer one's fullest support* at work – irrespective of the situation.

95. Even if there is an ideal opportunity for you to take something and you know someone else will take it if you don't, you will rather *be a 'fool' and not take it* under any circumstances.

➢

96. It is only the *fear of getting caught* that keep us from stealing.

97. The well-being of society and its requirements, are not really important goals to work for nowadays, but rather that of the <u>*individual*</u>.

98. Those who know me well, will say that I am *extremely fair*.

99. Our organisation never participates in *social events*.

100. I have never been *uncertain*.

➢

101. I am an independent person and *do not need* the recognition/approval of society.

102. Your first hunch (idea or decision) is usually the right one; *stick to it*.

103. One is *not empowered* sufficiently to live up to the expectations of others – i.e., you do not have enough decision-making power to satisfy others.

104. I sometimes doubt whether managers at work *earn* their positions as well as my full support and co-operation.

105. It is all right *to take something small* from time-to-time that will *not hurt* the company or others – everyone does it.

a	b	c	d
Agree fully	Agree somewhat	Disagree somewhat	Disagree fully

106. If I receive *too much change* at a shop, I will *always* give it back immediately.

107. People should *not be punished* for breaking a rule/law that they think is unreasonable/unfair.

108. It is sometimes difficult to accept the *different ways* of some other culture groups.

109. There is *so much more* our organisation can do to enhance social upliftment.

110. It will be to the benefit of everyone if *society is more effective* (play a bigger role) in guiding, influencing and disciplining its members.

➢

111. I come to my *decisions quickly*; not spending much time on considering everything like indecisive people may do.

112. I have *more* than sufficient/enough experience to perform well at work.

113. I *don't* feel that I *belong fully* to the organisation where I work – one only work there.

114. There may be *good reasons to steal*; e.g., if you receive too small a salary.

115. I will consider buying something if the price on the tag is *obviously too low*, without saying anything; the shop is responsible for that.

➢

116. It is important to *gain control* over social structures (society) to be successful today.

117. It is always *fair* to appoint a *good-looking* lady rather than a plain (not so good looking) one as a receptionist.

118. It is generally felt that our organisation *does not contribute* enough to society.

119. I feel I am not sufficiently *respected* in the society I belong to; but that is how life is nowadays.

120.	One should *always "stand up"* for your employer/organisation, even if you know it has its faults.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

121.	I was appointed to my position entirely on my skills and performance – *merit only.*

122.	*Responsibilities* at work give me much satisfaction.

123.	All people *need to belong* to a group – especially at work it is essential.

124.	It is *always* necessary to *carefully consider* matters before taking action.

125.	Anyone who *trusts someone* else is asking for trouble – share and 'show' as little as possible.

   ➢

126.	One should *respect one's seniors*, irrespective of their specific behaviour.

127.	Our *organisation helps* one in many ways to realise one's aspirations – i.e., reaching one's hopes and dreams.

128.	I feel that I am a *well-trusted* member of my society.

129.	One should at all times be *critical* towards the institutions one belongs to (e.g., schools and church); there is not such thing as unearned loyalty today.

130.	My background *does not equip* me fully for my current position at work – further development is needed.

   ➢

131.	I feel *personally responsible* for success at work – perhaps even too much.

132.	I will not really *go out of my way* to get the approval of the group I belong to at work.

133.	One should 'live for today' only – *tomorrow may never come.*

134.	It is advisable to "play matters close to one's chest" (*to keep things to yourself*) in today's world.

135.	It is the 'strong' people who show *respect to seniors* - rather than the spineless ones hiding behind their so-called 'respect' as some people say.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

136. One is forced to "*do your own thing*" to get anything or anywhere in our organisation – they don't do much for you.

137. It is my experience that one does not always *receive the appreciation* (value) one should in society.

138. When people *speak badly of* your friends, you should *do nothing* about it; your friends must prove themselves.

139. Some people at work may be of the opinion that I am in need of improving my skills, abilities and work performance – everyone does.

140. It is *always an honour* to be given *responsibility* at work – although some say this may be just another way of using and exploiting you.

➢

141. Many of the so-called "cliques/gangs" at work, are friendship groups really and *good to belong to*, even if they effectively divide staff.

142. One should grab each "opportunity" (good or bad) *without wasting time on thinking* or you may lose it.

143. The biggest difference between most criminals and other people, is that criminals are *stupid enough to get caught* – most of us hide something.

144. *Respect for the basic things in life* (e.g., discipline, rules and seniority) is an important factor separating the good person from the bad one.

145. Most other organisations are *doing so much more* for their staff than ours.

➢

146. I think information on important matters in society is made *freely available* to me – I am fully informed.

147. One should *always be loyal and totally committed* to one's family – irrespective whether they deserve it or not.

148. *Everyone who knows me* at work, will describe me as *well equipped and the right person* for the work/job.

149. I share the experience of other people who are *losing their sense of duty and responsibility* nowadays.

150. The *fear of being rejected from the group* at work is very strong – also to me.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

151. I think one should '*go for' what is available now*, rather than waiting or investing in future opportunities that may never come.

152. The *best way to handle people* is to tell them what they want to hear or what you believe they should hear.

153. One should *have respect for the position* (e.g., a manager at work or a policeman in society), irrespective of the *person* in the position.

154. Transformation is so slow in our organisation, that one is forced *to lower one's aspirations* (i.e., one's dreams and hopes).

155. To be honest, people who are prepared to play a leading role in society are losers and wasting their time.

➢

156. If I pick up a *purse* with money I will *always* try my best under all circumstances to return it to the owner.

157. All people knowing me would say that *I give good account* of what is expected of me (i.e., I always deliver as promised).

158. I find it difficult to relate to or accept the *values and norms* of my organisation/employer.

159. *People who steal* from work, should not necessarily be fired.

160. In many cases one is forced to *bend rules and regulations* to stay out of trouble.

➢

161. Only after you have achieved *your goals,* should you concern yourself with others.

162. If one *believes in something*, it is *always* worthwhile "to stand up" for it.

163. Our organisation is absolutely *committed* to change/transformation.

164. In society I *associate with 'high quality'* people in terms of the norms set by society.

165. I have often *borrowed things* from work without telling anyone – I use my discretion.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

166. It cannot be expected of any person *to try* and satisfy the expectations of others all the time; it only creates unnecessary pressure.

167. I think my work is really great and worthwhile.

168. It is acceptable for a person to *use sick leave* to take a day off work from time-to-time; everyone does it.

169. It is never all right to bend rules and regulations; not even as an exception only.

170. To help oneself is good; to *help others* is even better.

   ➢

171. All people knowing me well, will classify me as someone who will always demonstrate the *courage of my convictions/beliefs* (i.e., sticking to and doing what I believe in).

172. In our organisation they are not only talking about *change*, they do it!

173. I think that *Role Models in society* are playing an important role in shaping their member's character, e.g., their standards and values.

174. If one knows someone is taking something from a shop without paying, one should *immediately inform the relevant authority* (the owner).

175. I *always keep my word*, even under very difficult circumstances – if at all possible.

   ➢

176. I am *very proud* of the organisation I work for.

177. I believe a person who *was fired* for stealing in his/her previous job, should not be employed.

178. Taking *extra long breaks* at work is not cheating the employer – you are after all in control and know best.

179. One should try to *know and use the weaknesses* of others to your own advantage/benefit under today's circumstances – that is what successful people do.

180. One's actions should be *guided by circumstances* (the situation) rather than by specific beliefs, standards, values or conditions.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

181. Transformation is taking place at an unacceptably *slow tempo* in our organisation.

182. I very much want to play an *important role* in society and to associate with 'senior' and respected role players in the community.

183. It is under no circumstances right for employees to *use sick leave* for reasons other than illness.

184. I have often *disappointed others* who put their trust in me – real people do.

185. It is an absolute honour *to be associated* with my work/organisation.

   ➢

186. If you know someone is stealing from work, you should *assist him/her not to be* caught.

187. It is often necessary to stretch/bend the rules; especially *to help others*.

188. There is at least one sucker/loser born every minute, so you must *first look after them* and their needs before looking after yourself.

189. In contrast to what some people may think, clever/thinking people are very much *led by their so-called convictions/beliefs* (e.g., specific values and moral standards, etc).

190. Staff and management are *both committed* to change/transformation in our organisation.

   ➢

191. The *Reliability/Dependability* of our Management is best described by the following statement: "What Management says, they always do".

192. Management is *absolutely fair* in treating people and situations in general at work.

193. There is enough evidence in our organisation that *Management manipulates* others to serve their own interest.

194. The *honesty of Management* at work is beyond reproach - they are very honest.

195. Management in our organisation *gives good account* in all respects of what is rightfully expected of them – they live up to it.

a	b	c	d
Agree fully	**Agree somewhat**	**Disagree somewhat**	**Disagree fully**

196.   Management is calculative and *not really emotionally involved* at work.

197.   Management maintains a very *high moral consciousness*; e.g., they will never abuse rights or company property.

198.   There is *full transparency* on the part of Management – no hidden agendas.

199.   Management displays an excellent level of *courage of conviction* (i.e., they stick to and do what they believe in).

200.   The behaviour of Management at work is *unethical and self-centred*.

ADDENDUM C

CLOVER NELSPRUIT CODE OF ETHICS

We as personnel of Clover Nelspruit commit ourselves to the following value statements:

- We support the Clover SA core value of respect which means no exploitation and no inferior and dangerous products, safe processes, machinery and vehicles, preservation of the natural environment, law abidance and consistent, honest behaviour and conduct.
- A hotline 0800 80 80 80 is in place for whistleblowing and we support the use of it.
- As personnel we strive for open communication in the areas of honesty, trustworthiness and integrity.
- We will train all personnel in ethics through communication, newsletters and articles on notice boards and through our actions.
- We will make ethics a standing item on the agenda of all departmental, shopsteward and general meetings.
- We as employees will in our day to day decision making choose the ethical way.
- We as employees will acknowledge acts of integrity.
- We will strive to eliminate stressful working conditions that could lead to unethical conduct.
- We will take disciplinary action against managers and employees who do not comply with the ethics policy of the company.