ASPECTS OF BUSINESS ETHICS IN SOUTH AFRICA

by BJ Erasmus &
*R Wordsworth**

ABSTRACT

Corporate scandals such as those experienced at Enron, WorldCom and more recently Parmalat have given rise to a growing interest in business ethics on the part of both managers and management scientists alike. As a result organisations have moved towards a more ethical approach to conducting business.

This paper reports the results of a survey conducted among persons registered with the South African Board for Personnel Practice (SABPP) regarding their involvement in and experience of business ethics and unethical behaviour within their organisations. The responses from 306 respondents reflect a high level of observed unethical behaviour. The results of the study indicate that the observed level of unethical behaviour within organisations is influenced by the presence of written ethical standards, ethics training initiatives and an ethics office/ombudsman. The level of unethical behaviour is also shown to differ across different industry types and organisational sizes.

1 INTRODUCTION

Sociologist Raymond Baumhart put the following question to a few businesspeople: "What does an ethic mean to you?" The following are some of their responses (Markkula Center for Applied Ethics 2003):

- "Ethics has to do with what my feelings tell me is right or wrong."
- "Ethics has to do with my religious beliefs."
- "Being ethical is doing what the law requires."
- "Ethics consists of the standards of behaviour our society accepts."
- "I don't know what the word means."

---

* Prof BJ Erasmus is the Director of the School of Management Sciences at the University of South Africa.
Mr R Wordsworth is attached to the Department of Business Management.

It is extremely difficult to come up with a definition of the term “ethics”. From the above responses it appears that people generally tend to equate ethics with behavioural principles, which includes their feelings. However, being ethical is clearly not merely a matter of following one's feelings. A person following his or her feelings may recoil from doing what is right. In fact, feelings frequently deviate from what is ethical (Markkula Center for Applied Ethics 2003).

The International Business Ethics Institute (IBEI) (1994-2003) describes the understanding of the landscape of business ethics as problematic. It defines this field as vast, often encompassing such concerns as corporate governance, reputation management, accurate accounting and audits, fair labour practices and environmental stewardship, to name but a few. In fact, the field addresses the entire scope of responsibilities or obligations that a company has to each of its stakeholders: those who have a vested interest or stake in the company’s decisions and actions, such as clients, employees, shareholders, suppliers and the community. Depending upon the company in question, one may even be able to identify additional stakeholders (IBEI 1994-2003).

According to the IBEI, the field of business ethics is further complicated by the fact that many terms are used to refer to corporate offices and programmes intended to communicate, monitor and enforce a company's values and standards. In theory, it is possible to distinguish roughly between the various domains related to business ethics, for example, corporate responsibility, social responsibility and corporate compliance. In practice, however, distinctions blur as corporate offices of compliance established in the 1970s may now function in the same way as an office of corporate and social responsibility (IBEI 1994-2003). Thus what exactly does the concept “business ethics” mean?

According to Rossouw and Van Vuuren (2003) ethics has to do with what is good or right in human interaction. This interaction is a balance between “good”, the “self” and “another”. McNamara (1999) summarises the concept of business ethics as follows: “it has come to mean various things to various people, but generally it refers to knowing what is right or wrong in the workplace and doing what's right - this is with regard to effects of products/services and in relationships with stakeholders”. In combining the different concepts of ethics and business ethics, the IBEI (1994-2003) come up with the definition of business ethics as a form of applied ethics. Its purpose is to instil in a company's employees a sense of how to conduct business responsibly. Because the term "ethics" can pose problems in an international context --- that is, it is difficult to translate and it is sometimes almost impossible to find a fixed term that all nations understand --- some organisations elect to use other words to define the term such as “integrity”, “business practices” or “responsible business conduct”. (See also Mondy & Noe 1996, Daigneault, Guthrie & Nervan (2001); Wells 2001).

According to Malan (2003), there are five different levels of business ethics:

- *Individual level.* At this level, there may be incidences of unethical behaviour such as cheating on the expense account, calling in sick, accepting bribes, and sexual harassment.

- *Organisation level.* At this level, there may be instances of employees being encouraged to perform unethical or illegal acts or pressuring individuals or groups to overlook wrongdoings of peers in the interest of company harmony.

- *Association.* At this level, use is made of a professional association's charter or code of ethics to conduct business, for example an accountant advising a client to deduct questionable items for tax purposes.

- *Societal level.* This level involves laws, norms, customs and traditions governing the acceptability of actions where "facilitation payments" may be acceptable in one society but not in others.

- *International level.* At this level companies may be involved in countries where there are accusations of gross violations of human rights (for example, Shell in Nigeria) and economic sanctions against the previous South African government.

Managers in South Africa need to focus on fully comprehending and successfully managing business ethics because of international pressure and a call for a more transparent approach to corporate governance – especially in light of the King II Report (King Committee on Corporate Governance, 2001). Following a survey conducted by Transparency International (Barber & Mabuza 2001), an index was developed on the basis of countries' perceived levels of corruption. South Africa scored 4.8 out of 10 and was one of the two-thirds of countries that scored under 5 on the index. A score below 5 reflects the degree to which corruption is perceived to exist in public institutions and among politicians. Finland received a score of 9.9 (indicating an extremely low perceived level of corruption), the USA 7.6, Zambia 2.6 and Bangladesh 0.4 (indicating a noticeably high perceived level of corruption). Results like this should be a matter for concern not only for the South African business community at large but also for government, especially now that South Africa is part of the global business economy, and seeks to expand its interests in Africa and increase exports to the rest of the world.

It would appear that the number of employees, especially those at management levels, who are defrauding their employers, is steadily rising (Pharoah 2003). Recent examples of such unethical behaviour are illustrated in the cases of Enron, WorldCom and Parmalat. The situation is exacerbated by the number of senior managers (at CEO level) involved in business deals in which there is a conflict of interest. Saw (University of Chicago 2003) explains the problem clearly by stating that "a conflict of interest arises when employees at any level have a private interest in a transaction substantial enough that it does or reasonably might affect their independent judgement" (University of Chicago 2003).

In a recent international survey conducted by the business advisory firm, Ernst and Young, it was found that about 85 percent of the worst frauds were perpetrated by insiders on companies' payrolls and that more than 50 percent of the fraudsters were company managers, with only 30 percent of employees responsible for fraud (Temkin 2003). With the focus on judgement, increasingly more employees are looking to senior management for guidance in situations requiring ethical decisions. Smart (2003), an Ernst and Young forensic services partner specialising in fraud, states that transient staff, the growing complexity of organisations and the Internet are all fuelling this dramatic increase in risk. As trusted, long-established middle management is being downsized around the world, the eyes and ears of companies are becoming blind and deaf to potential misdemeanours. He adds that fraud tends to increase during periods of economic downturn --- hence the need for companies across the globe to look at the surviving senior management – especially those new to management who pose a particular threat. Emphasising the importance of senior management, especially CEOs, Michael Hackworth, the CEO of the chip manufacturer Cirrus Logic, describes his role in modelling ethical leadership as follows: "employees take their cue from the CEO. In every situation, they ask, 'What does the boss want'? They give what he wants when they talk about the business, when they talk about the law, and when they talk or do not talk about ethics. In general, people line up behind what the CEO wants" (Hackworth & Thomas-Shanks 2003).

In support of the above view, Koester (2002) holds that it is not only the requirements of the business that place demands on the skills of CEOs but also the requirements of society which are placing greater emphasis on individual as opposed to group rights. He stresses that today's leaders must understand that their role is not simply that of a direction-setter and team motivator in the organisation, but that consumers now hold corporate ownership and have a stake in issues that were once outside the scope of their interests. If leaders are to adapt to this new scenario they need to realise that their roles are no longer confined to activities that were once considered to be "part of doing business". In fact their conduct could be the main reason for investors having doubts about certain investments and this could result in a reduction in share prices (Koester 2002).

South Africa has not escaped the curse of fraudulent managers. In a joint survey by the South African government and the United Nations it was revealed that South Africans realise that there is a great deal of corruption in the country. The survey revealed the prevalence of certain types and levels of crime such as theft (49%), employee fraud (34%), outsider fraud (24%), being approached to pay a bribe (15%), actually paying a bribe (7%) and extortion (4%). The report also indicated that the areas most vulnerable to corruption are customs (75%), procurement for government (74%), business licences/permits (68%), residence/work permits (65%), and business-to-business procurement (51%) (Koopman 2003). Rossouw (2002) supports this and also mentions endemic corruption on the African continent.

The situation in the public service was highlighted by the Public Service Commission's (PSC's) admission that corruption is a serious problem in South Africa's public sector. The Commission was unable to quantify the extent of the corruption. It blames lack of experience as well as closer connections with the corporate world as a contributor to corruption. According to this report, the largest number of illegal activities occurred in the awarding of tenders and buying of equipment and other goods and services (Levin 2003). The inefficiency of a corrupt public service affects not only service delivery but also South Africa's international competitiveness in the way businesses deal with ethical issues.

The advent of the global economy is viewed by many as the principal reason for the growing interest in business ethics. According to Berenbeim (2000), the globalisation of markets and the need for common standards of conduct in business in global operations have become the main justification for the growing interest in business ethics. New business practices and increasing reliance on information technology and electronic communication are also creating new ethical dilemmas, so much so that a firm's ethical orientation can now be viewed as a means of gaining a sustainable competitive advantage. Fortunately, however, the growth in the global economy appears to be matched by interest in ethics and business ethics by leading nations.

2 OBJECTIVE OF THE STUDY

Given the importance of management in creating an ethical culture in an organisation and given the important role that human resource managers play in this regard the objective of this study is to report the views of persons registered with the South African Board for Personnel Practice (SABPP) on how selected business ethics aspects of South African organisations are experienced and conducted.

3 EFFORTS TO CURTAIL BAD BUSINESS ETHICS IN SOUTH AFRICA

In seeking solutions to the problem of unethical business practices, the focus seems to be shifting towards corporate governance. A shared understanding of ethical behaviour is one of the critical elements that bind societies together. Good corporate governance is an operationalisation of ethics and serves as a means to ensuring good business ethics (Van Wyk, 2004): it is a crucial operating system for companies in complex, competitive fast-moving industries, and thus an important component of economic stability and growth (Kocourek, Burger & Birchard 2003). In an effort to stem the tide of bad business ethics, the second King Report on Corporate Governance makes several recommendations to bring South Africa in line with international conventions (Erasmus & Wordsworth 2002). The seven primary characteristics of corporate governance are as follows:

- *Discipline.* Senior managers must adhere to recognised behaviour.
- *Transparency.* Outsiders must have access to and be able to analyse a company's actions.
- *Independence.* Potential conflicts of interest must be minimised.
- *Accountability.* Individuals and groups must be held accountable for their decisions.
- *Responsibility.* The board must be responsible to all stakeholders.
- *Fairness.* Companies must have balanced systems, taking into account those who have an interest in the company.
- *Social responsibility.* Companies must be aware of and respond to social issues.

Adherence to the code of corporate practices contained in the report will be mandatory for all private and state-controlled companies, public sector administrators and all state institutions that are subject to the regulations governing financial markets. A key aspect of the King Report is its emphasis on non-financial issues such as ethics, safety, the environment, social considerations and by implication, issues relating to the strategic management of business (Erasmus & Wordsworth 2002).

Transforming the King II recommendations into practice requires focusing on those aspects and systems that form and regulate the behaviour of CEOs as models of ethical leadership, managers at all levels and employees in general. The spotlight should fall on systems that will ensure

- management's involvement in the running of ethical businesses
- setting up standards of ethical behaviour
- creating advisory mechanisms that can warn management timeously of

unethical behaviour that is transgressing the standards and rules of the organisation

- identifying areas in which the organisation is most susceptible to unethical conduct

- amending internal controls in order to ensure that culprits are brought to book

3.1 The involvement of management

To be truly effective, business leaders need not only to commit themselves to ethics as a central principle for their professional lives, but also to make that commitment known - to employees, shareholders, customers and all others who need to be aware that ethics is a crucial aspect of business decisions (Insights 2000). While many companies are ethical in their treatment of workers, in reporting their financial results and in their membership in the community, a disproportionate number seem to be run by self-centred and ruthless managers. Two worrisome factors emerge as the primary contributors to this apparent lack of ethical standards. The first can be described as leadership eugenics, a particularly nasty form of corporate Darwinism. The second, although perhaps seemingly less distasteful at first sight, is more insidious - the increasing separation of the ethics of the manager from the ethics of the person. Leadership eugenics is a problem experienced by many in their working lives. It would seem that the more ruthless a manager is, the more likely he or she is to be promoted. There are undoubtedly a number of understandable reasons for this (Miller 2002).

Trevino, Hartman and Brown (in Diagncault et al 2000) identify and describe the following four different types of ethical leaders:

- *Unethical leaders.* The decisions of these leaders are not guided by ethical principles but by personal and pragmatic motives. They contend that there is no room for ethics in the workplace.

- *Ethical leaders.* They are leaders who, through word, thought, deed and conduct, are personally perceived to be ethical, even from a distance. This approach manifests in a high level of transparent and ethical decision making with a great deal of attention being focused on the cultural and symbolic aspects of their role as a “moral manager".

- *Ethically neutral successful leaders.* These leaders, although ethical in thought, word and deed, are not open about it. Also, their process of decision-making is not transparent and readily apparent.

- *Hypocritical leaders.* These leaders deliberately choose to act unethically.

Describing the role of leadership, Navran (2003) sets the bar high for company leadership when it comes to ethics, and states that it is not enough to be an ethical person. Leadership should be visibly ethical. How does one do that? By creating an expectation in others that you will act ethically and expect the same actions from everyone else in the organisation (Salopek 2001). This discussion clearly indicates that ethical leadership has more to it than merely doing what is right and wrong. Personal involvement and level and transparency of decision making characterise leaders and their actions.

3.2 Written standards of ethical behaviour

Core values for business can help organisations beginning to exercise ethical judgement to think about how to be ethical in foreign cultures, but they are not specific enough to guide managers through actual ethical dilemmas. Rossouw (2002) states that one way in which managers can influence moral behaviour is through ethical codes or written standards of ethical behaviour. He goes on to define an ethical code as a document or agreement that stipulates morally acceptable behaviour in an organisation, which defines moral standards that need to be respected by all members. Wherever intolerable business situations arise, managers should be guided by precise statements that spell out the operating practices that the company demands. In situations where the temptation to behave unethically is strongest, codes of conduct must provide clear direction about ethical behaviour (Donaldson, 1996).

According to Berenbeim (2000), there is a growing concern among companies about why codes are necessary, who should participate in their formulation, what issues they should address and how they should be introduced. This growing seriousness is confirmed by the following four emerging trends:

- The pressure is on companies to publish their intentions to conduct business in an ethical fashion.

- The proclamation of core values and codes of conduct can now be found on company websites.

- There is a willingness to share codes and establish dialogue with shareholders.

- There is acceptance of codes of ethics as part of the governance process.

The participation of boards in the drafting of codes has doubled and in many cases the involvement of the board of directors is quite extensive. According to Berenbeim (2000), director involvement communicates high-level commitment to the company's compliance efforts. The growing sophistication of ethical codes is evidence that the ethical literacy of senior managers has improved. The focus has shifted from compliance to rules and penalties for violations to emphasising the importance of ethics as a prerequisite for profitable business practices (Berenbeim 2000).

According to Berenbeim (2000), the success of written codes in curtailing unethical behaviour is limited by the following:

- focusing only on company internal processes and employee behaviour while ignoring the behaviour of companies with whom business is done

- code principles that are binding on suppliers, vendors and joint venture partners, thus ensuring that the business activities of these stakeholders are in line with those of the organisation

- the environment of trust that existed when the code was introduced (Berenbeim (2002) is of the opinion that codes will never achieve their fullest potential without a system that encourages employees to expose inappropriate conduct.)

- insufficient code compliance verification procedures that produce effective action

Given the need for and the reasons why codes of ethics do not succeed, Howard (2001) suggests that a guaranteed way to ensure success of such codes is to develop a corporate culture that not only emphasises ethical behaviour, but also punishes and ostracises those who do not live up to the desired standards. The author contends that very rarely can a single employee engage in unethical behaviour without other employees being "in the know," or at least suspicious. A corporate culture that is communicated and spread throughout the organisation, that exhibits zero tolerance for unethical behaviour and that is intricately tied to the corporate image is management's best form of assurance against unethical behaviour.

3.3 Formal organisational systems

In his advice to organisations facing ethical concerns on steps necessary to change their culture to one that promotes and rewards ethical behaviour, Narvan (2003) emphasises that the organisation needs to create and implement formal systems, procedures and policies which explicitly define expectations about employee behaviours needed to guide employees in their day-to-day decision making. Examples of these systems include statements of values, codes of conduct, ethics training, ethics policies, the presence of an ombudsman, ethics oversight committees, ethics surveys, employee "help lines", and other ethics management mechanisms.

3.4 Ethics training initiatives

Rossouw and Van Vuuren (2003:2) report that a survey in Africa revealed that by the end of 1999, a total of 67 business ethics training programmes were offered by South Africa universities and technikons. The field of business ethics has been so prominent in the world and South Africa that some leading universities have even established centres for the study of ethics as a separate discipline. Kavathatsopolous (2001) states that it is possible to describe the different ways in which people solve ethical problems, and train them to use better ways. The author further states that ethics training initiatives should create what he refers to as “ethical competence” and should prepare individuals to cope with ethical conflicts. Kavathatsopolous (2001) describes the development of ethical competence as the creation of an awareness of ethical issues and organisational processes, as well as the development of the confidence and emotional strength to deal with ethical issues.

3.5 Ethics ombudsman

Focusing the attention on the organisational ombudsman, the purpose of such a person is described by the International Ombudsman Association as someone acting in confidentiality with a great degree of independence and neutrality while enjoying a unique degree of privilege. The main function of the ombudsman is defined as providing a confidential, neutral and informal process that facilitates fair and equitable resolutions to concerns that arise in the organisation. In performing this mission, the ombudsman serves as an information and communication resource, upward feedback channel, adviser, dispute resolution expert and change agent (The Ombudsman Association 1985).

The above discussion provided a brief overview of the literature applicable to the study. Based on the objective of the study, the methodology used to execute the study is described below.

4 RESEARCH METHODOLOGY

4.1 Target population

The target population consisted of 2 800 registered members of the South African Board for Personnel Practice (SABPP). The aim of the SABPP is to establish, direct and sustain a high level of professionalism and ethical conduct in personnel practice, by enabling human resource people to make significant contributions to their profession.

4.2 Research Instrument

A questionnaire was designed as a survey instrument. The design of the questionnaire was based on a questionnaire used for a similar study conducted by the Society for Human Resource Management (SHRM) in the USA. The following points were covered in the questionnaire:

- a general profile of the home language, qualifications and position of respondents, as well as an indication of the type and size of the organisations for which they work
- the ethical environment of the organisation, dealing with ethical standards, ethics training and management's approach and commitment to ethics in the organisation
- unethical behaviours observed in the organisation

Questionnaires were mailed to all registered members of the SABPP; of which 306 were returned and were included in the study. This provided a response rate of 10.93 percent.

4.3 Statistical procedures

Descriptive statistics such as the mean, standard deviations and frequency distribution were calculated by using the Statistical Analysis System V8.2 (SAS) computer program.

Further analysis consisted mainly of t-tests for significance with the level of significance used being 0,05 percent. Analysis of variance (ANOVA) was conducted at a 95 percent significance level, on items that made use of five-point rating scales. Where applicable, Chi-square tests were also conducted.

5 BIOGRAPHICAL DETAILS OF RESPONDENTS

5.1 Industry sector

Respondents were requested to indicate the industry sector in which their organisation is positioned. This information is contained in Table 1 below.

Table 1: Industry sector

Type of industry	Frequency (N)	Percent (%)
Agriculture	8	2,63
Mining	21	6,91
Manufacturing	55	18,09
Electricity, gas and water	49	16,12
Construction	5	1,64
Retail and motor trade and repair services	6	1,97
Wholesale trade, commercial agents and allied services	7	2,30
Catering, accommodation and other trade	3	0,99
Transport, storage and communications	11	3,62
Finance and business services	44	14,47
Community, social and personal services	10	3,29
Other	85	27,96
Total	**304**	**100%**

** 2 missing frequencies*

The majority of respondents were from the manufacturing (18,09%), electricity, gas and water (16,12%), and finance and business services sectors (14,47%). A large number (27,96%) of respondents also indicated their type of organisation as "Other". Many of the respondents who were grouped under the category "Other" were from higher education institutions and consulting firms.

5.2 Size of organisation

Respondents were requested to indicate the size of the organisation for which they work. This information is contained in Table 2 below.

Table 2: Size of organisation

Number of employees	(N)	Percent (%)
Fewer than 50	27	8,94
Fewer than 100	16	5,30
100 – 500	38	12,58
501 – 1 000	51	16,89
1 001 – 5 000	92	30,46
More than 5 000	78	25,83
Total	302	100%

** 4 missing frequencies*

As can be seen from the above table, the majority of respondents (30,46%) were from organisations employing between 1 001 and 5 000 employees and a further 25,83 percent were employed in organisations with more than 5 000 people.

5.3 Organisational position of respondents

Respondents were requested to indicate their position in their organisation. This information is contained in Table 3 below.

The majority of respondents (30,33%) were human resource managers followed by a group who were HR specialists (14,33%) and HR generalists (13,33%). The "Other" group comprised an array of titles such as payroll specialists, industrial relations specialists, training consultants, administrative managers and employee assistance specialists.

Table 3: Position of respondents

Position	(N)	Percent (%)
Human resource (HR) director	35	11,67
Assistant HR director	9	3,00
HR manager	91	30,33
Assistant HR manager	9	3,00
HR specialist	43	14,33
HR generalist	40	13,33
HR supervisor	6	2,00
Other	67	22,33
Total	**300**	**100%**

** 6 missing frequencies*

5.4 Academic qualifications of respondents

Respondents were requested to indicate their academic qualifications. This information is reflected in Table 4 below.

From Table 4 it can be seen that the majority of respondents (28,81%) were in possession of an honours degree and those with a master's degree or doctorate represented 26,49 percent.

Table 4: Academic qualifications of respondents

Qualification	(N)	Percent (%)
Matric	12	3,97
National diploma	45	14,90
Bachelor's degree	71	23,51
Honours degree	87	28,81
Master's degree/doctorate	80	26,49
Other	7	2,32
Total	**302**	**100%**

** 4 missing frequencies*

6 RESULTS AND DISCUSSIONS

The results of the investigation are discussed in three parts. Part 1 of the findings relates to policies and systems, such as an ethics office/ombudsman, training and the use of these systems. The second part of the discussion reports on the type and level of unethical behaviours observed by respondents and the development of a misconduct score (MI). In the third part the focus shifts to the role players (e.g. the CEO, management, supervisors and employees) and their influence on the management of ethics in organisations.

Part 1: POLICY AND SYSTEMS

- **The availability of ethical standards**

In the survey it was found that the majority (76,80%) of the respondents stated that they did have ethical standards in place, while 21,24 percent of them indicated that they did not have written standards of ethical business conduct. Two percent of the respondents did not know if their business had any written standards. There are several significant reasons why businesses should have written ethical standards. Such standards not only set the standard of service delivery but also serve as a guide to managers in exercising their leadership. The absence of written standards points to top management's unawareness or ignorance of its responsibility regarding the management of ethical issues in the organisation.

- **The use of the written ethical standards**

The majority of respondents (60,68%) who reported that they do have ethical standards (see previous results) used the standards on a frequent basis; 38,03 percent of the respondents made use of them either occasionally or seldom (see Table 5). This view is supported by Miller (2004), who states that simply writing and distributing a code of ethics is insufficient to reap the benefits that an organisation could gain by rolling out a code in a thoughtful and effective manner. The availability of the written standards alone does not ensure ethical business practices. The constant use of these standards and control over their effectiveness is the only way to ensure success. From the responses it appears that too little emphasis is placed on the successful implementation and control of ethics in the organisations surveyed. One may therefore infer that business ethics as a management discipline does not appear to form part of the strategic management plans of a number of organisations and that written standards might be put into place as a form of "window dressing." This might also be an indication of the importance given to ethical business practices and the fact that this idea has not really become part of the South African business community and that unethical practices must be acceptable. With the transformation and globalisation of South African businesses such a perception would not only discourage foreign investment but also harm the reputation of the business sector as an honest supplier.

Table 5: The use of ethical standards

The use of ethical standards	**(N)**	**Percentage (%)**
Frequently	142	60,68
Occasionally	56	23,93
Seldom	33	14,10
Never	2	0,85
I have not read them	1	0,43
Total	**234**	**100%**

** 1 missing frequency*
** 71 respondents indicated that they do not have written ethical standards.*

- **Training in ethical business conduct**

Just over half of the respondents (54,25%) indicated that their organisations provide some form of training in ethical business conduct. Nearly 44 percent of organisations provide no training at all (see Table 6). It would appear as if the organisations reflected in the survey do not value training as a pre-emptive measure to prevent unethical conduct and misconduct or do value training but have not yet introduced it. This could be an indication of the importance attached to the management of ethics. Ethics training, not being the core business of an organisation, is sometimes viewed as "nice to have" and minimum effort and resources are spent on it. The lack of training, inter alia, can create a culture in which unethical conduct could flourish and misconduct such as theft, fraud and corruption is likely to be prevalent. This does not only have an influence on the organisation's image but also fails to motivate employees to be part of the organisation in efforts to achieve its objectives. Various authors (Rossouw 2002; Kavathatsopolous 2001) indicated the importance of ethics training to ensure the establishment of an ethical culture within the organisation.

Table 6: Training in ethical business conduct

Training in business ethics	(N)	Percentage (%)
Yes, it is a mandatory course	64	20,92
Yes, it is an optional course	11	3,59
Yes, it is part of employee orientation	91	29,74
No	134	43,79
I don't know	6	1,96
Total	306	100%

- **Use of ethics training**

Of the 166 respondents who stated that their organisations do offer ethics training (see Table 6) just over half (58,43%) used the training on a frequent basis (see Table 7). The remainder used it occasionally (28,92%) or seldom (9,04%). The infrequent use of the principles taught by nearly 38 percent of the respondents could be an indication of either the poor quality of training or the lack of proper structures and systems for the management of business ethics.

Table 7: Use of ethics training

Response	(N)	Percentage (%)
Frequently	97	58,43
Occasionally	48	28,92
Seldom	15	9,04
Never	1	0,60
I have not attended the course	5	3,01
Total	**166**	**100,00%**

- **Ethics office/ombudsman**

The majority of respondents (52,61%) reported that their organisations do not have an ombudsman/impartial office to whom/which unethical conduct could be reported. It was stated in the preceding literature review that an ethics office or ombudsman could provide valuable information to management on the success of the organisation. The lack of such a confidential line to management could lead to

- unethical conduct being condoned or concealed
- employees not reporting unethical behaviour or misconduct
- a lowering of employee discipline
- ultimately a lowering in the morale of employees with a resultant loss in efficiency

Part 2: THE OBSERVANCE OF UNETHICAL CONDUCT AND THE DEVELOPMENT OF AN MI SCORE

The second part of the study dealt with the observance of unethical behaviour by respondents in their organisations.

Respondents were requested to indicate whether they had personally observed unethical business conduct in their organisations in the year preceding the study. In terms of the observation of unethical conduct, 70,26 percent of the respondents indicated that they had observed some form of unethical conduct. More disturbingly though, 15,36 percent of the respondents indicated that they had often observed unethical behaviour, while only 29,74 percent indicated that they had not observed unethical conduct within the year preceding the study (see Table 8).

Table 8: The observation of unethical behaviour

Response	(N)	Percentage (%)
Yes, often	47	15,36
Yes, occasionally	168	54,90
No, not in the last year	91	29,74
Total	**306**	**100,00%**

- **Types of unethical conduct observed**

Respondents were also required to indicate the type of unethical conduct that they had observed. Those respondents who had indicated that they had not observed any unethical behaviour were therefore not required to answer this question --- hence the lower response rate for this question. The types of unethical behaviours observed are reported in Table 9 and are ranked in terms of the number of unethical behaviours observed. Owing to the fact that respondents could indicate more than one response, no cumulative frequencies or other descriptive statistics are available for this question.

From the above table it can be seen that the five unethical behaviours which were most frequently observed by respondents were stealing/theft (133); lying to supervisors (128); misusing the organisation's assets (114); conflicts of interests (107); and abusing drugs or alcohol (99). The unethical behaviours which were least frequently observed by respondents were violations of the Unemployment Insurance Act (10); improperly obtaining competitors' proprietary information (11); a category for :"Other" (28) which included actions such as abuse of company vehicles, abuse of sick leave, damage to organisational property and negligence in the performance of duties; violations of the Skills Development Levies Act (29); and misusing the organisation's proprietary information (30). The study conducted by the South African government and the United Nations (Koopman 2003) which was discussed earlier also found employee theft to be the most frequently observed unethical behaviour.

Table 9: Types of unethical behaviour observed

	Type of behaviour	(N)
1	Stealing/theft	133
2	Lying to supervisors	128
3	Misusing the organisation's assets	114
4	Conflicts of interest	107
5	Abusing drugs or alcohol	99
6	Employees of the organisation engaging in fraud	86
7	Violation of the Basic Conditions of Employment Act	79
8	Violation of the Occupational Health and Safety Act	77
9	Lying in reports	76
10	Violation of the Employment Equity Act	75
11	Falsifying records	75
12	Employees of the organisation receiving kickbacks	71
13	Receiving gifts or entertainment in violation of organisation policy	68
14	Employees of the organisation taking bribes	39
15	Misusing insider information	38
16	Altering results of product/service testing	35
17	Employees of the organisation giving gifts in violation of organisation policy	35
18	Violating environmental laws/regulations	33
19	Misusing the organisation's proprietary information	30
20	Violation of the Skills Development Levies Act	29
21	Other	28
22	Improperly obtaining competitors' proprietary information	11
23	Violation of the Unemployment Insurance Act	10

** Note: Respondents were permitted to indicate more than one response for this question --- hence percentages are not provided.*

Further analysis by means of cross-tabulations was conducted to determine whether the presence of written ethical standards (see Table 10), training in ethics (see Table 11) and an ethics office (see Table 12) influenced the type of unethical behaviours observed.

Table 10: Most frequently occurring unethical behaviours in organisations with written ethical standards

Type of unethical conduct	Rank
Falsifying records	1
Abusing drugs or alcohol	2
Misusing my organisation's assets	3
Stealing/theft	4
Violating environmental laws/regulations	5

Table 11: Most frequently occurring unethical behaviours in organisations with written training in ethics

Type of unethical conduct	Rank
Employees of my organisation taking bribes	1
Abusing drugs or alcohol	2
Employees in my organisation engaging in fraud	3
Falsifying records	4
Violation of The Skills Development Levies Act	5

Table 12: Most frequently occurring unethical behaviours in organisations with an ethics office/ombudsman

Type of unethical conduct	Rank
Falsifying records	1
Employees in my organisation engaging in fraud	2
Misusing my organisation's proprietary information	3
Employees of my organisation giving gifts in violation of organisational policy	4
Misusing my organisation's assets	5

The above three tables (10, 11, 12) contain some interesting observations and warrant further discussion. It would appear, from the above tables, that the type of unethical behaviours observed by respondents is influenced by the presence of written ethical standards, ethics training programmes and an ethics office/ombudsman. Table 10 suggests that the presence of written ethical standards had little impact on actions such as stealing/theft, abusing drugs and alcohol, falsifying records and misusing organisational assets. The presence of written standards did, however, seem to affect the number of incidences of lying to supervisors and conflicts of interests. This might suggest that these actions were adequately addressed by the written ethical standards, whereas the other more frequently occurring behaviours are not addressed in the standards.

A similar situation exists in organisations in which training in ethics is provided. In these organisations the most frequently occurring unethical action is that of employees accepting bribes. It would also appear from table 11 that those respondents who reported that their organisations have ethics training programmes, observed fewer incidences of stealing/theft and violation of environmental laws. This might suggest that these actions are being addressed by training programmes. By comparing the above tables it appears that actions such as employee fraud and the giving of gifts are adequately addressed in written ethical standards, but are not covered in ethics training programmes or by the presence of an ethics office/ombudsman. It would seem, however, that neither written ethical standards, training in ethics or an ethics office/ombudsman can influence employees not to "falsify records" because this remains a very frequently observed unethical behaviour.

Further analysis by means of cross-tabulation was also conducted to determine whether the type of unethical behaviours observed was influenced by organisational size and type or by the level of management of respondents. No significant relationships were found to exist between the type of unethical behaviour and organisational size and type. The results did, however, indicate that in terms of management levels, respondents with the title of HR manager consistently reported observing more unethical behaviour than respondents from other management levels. This could imply that managers at this level have more insight into unethical behaviour or that they are more aware of what is going on in their organisations and can play a key role in the effective management of ethics in an organisation.

- **The development of a misconduct (MI) score**

Owing to the high level of unethical behaviour observed (see Table 8) it was decided to further analyse this question to determine whether the presence of ethical standards, ethics training, an ethics office/ombudsman and the type of organisation or size of organisation impacted on the level of unethical behaviour (eg one respondent observed any 5 unethical behaviours, whereas another observed 14 unethical behaviours) rather than the specific type of unethical behaviour (eg abusing drugs and alcohol [see Table 9]). To this end, a misconduct score (MI score) was developed on the basis of the number of unethical behaviours the respondent observed. This means that a respondent who, say, observed any five of the unethical actions posed in the questions would receive an MI score of 5 (see Table 13 where the MI score of 5 [five unethical behaviours] was observed by 28 respondents, representing 13,40% of the respondents), with the lowest possible MI score being 1 and the highest 23 (number of unethical behaviours, see Table 9).

Table 13: MI score as an indication of the level of unethical behaviour

MI score (observations)	(N)	Percentage (%)
1	6	2,87
2	16	7,66
3	15	7,18
4	21	10,05
5	28	13,40
6	21	10,05
7	24	11,48
8	11	5,26
9	16	7,66
10	9	4,31
11	9	4,31
12	9	4,31
13	7	3,35
14	3	1,44
15	3	1,44
16	2	0,96
17	3	1,44
18	2	0,96
19	2	0,96
20	1	0,48
21	1	0,48
22	0	0,00
23	0	0,00
	209	**100,00%**

The mean score across all the respondents was 6,32 unethical behaviours observed. The MI score does not report on the type of unethical actions observed but is instead an indicator of the level (in terms of number) of unethical action that the respondent observed. The question can then be posed about the factors that influence the said level of unethical action. To this end, the MI score is used for further analysis of data and is discussed in Table 13.

- **The influence of ethical standards on the level of unethical behaviour using the MI score**

Further statistical analysis in the form of the t-test procedure was performed at a 95 percent level of significance to determine the relationship between the presence of ethical standards and the level of unethical behaviour. Respondents who reported that their organisation did not have written standards of ethics also reported observing a significantly higher level of unethical behaviour (MI = 8,929), compared with respondents whose organisations did have written ethical standards (MI = 6,773). This information is contained in Tables 14 and 15 below.

Table 14: Relationship between written ethical standards and unethical behaviour using the MI score

Presence of written ethical standards	(N)	MI $\overline{X}$	S	T
Yes	167	6,773	4,065	- 3,04**
No	42	8,929	4,256	
Total	209			

** $p < 0{,}01$

Table 15: T-test procedure on the relationship between written ethical standards and unethical behaviour

Variable	Method	Variances	T-value	Alpha
MI	Pooled	Equal	-3,04	0,0026

** 95% level of significance*

These results point to a highly significant relationship between written ethical standards and the level of unethical behaviour, hence the importance of organisations having written ethical standards in place to guide employees and managers in the decision-making process.

- **The influence of an ethics office/ethics ombudsman on unethical behaviour using the MI score**

Further statistical analysis in the form of the t-test procedure was performed at a 95 percent level of significance to determine the relationship between the presence of an ethics office/ombudsman and the level of unethical behaviour. Respondents who reported that their organisations did not have an ethics office/ombudsman also reported observing a higher level of unethical behaviour (MI = 7,435) than those respondents whose organisations did have an ethics office/ombudsman (MI = 6,888). See Tables 16 and 17. When the t-test procedure was carried out on these results, no significant differences were found to exist at a significance level of 95 percent. This information is contained in Tables 16 and 7 below.

Table 16: Relationship between the presence of an ethics office/ ombudsman and unethical behaviour

Presence of written ethical standards	(N)	MI $\overline{X}$	S	T
Yes	98	6,888	4,211	** - 0,95
No	108	7,435	4,078	

***p > 0.01*

Table 17: T-test procedure on the relationship between the presence of an ethics office/ombudsman and unethical behaviour

Variable	Method	Variances	T-value	Alpha
MI	Pooled	Equal	-0,95	0,3445

- **Organisation size and level of unethical behaviour**

Further analysis in the form of a Chi-square test was conducted to determine the relationship between the size of an organisation and the level of unethical behaviour observed. No significant differences were found to exist between the different sizes of organisations. This information is contained in Table 18 below.

Table 18: The relationship between the size of the organisation and the level of unethical behaviour

Size	Quartile 1 MI = 1-4	Quartile 2 MI = 5-6	Quartile 3 MI = 7-9	Quartile 4 MI = 10-23	Total
500 or less	13 6,34 23,21%	14 6,83 29,17%	9 4,39 17,65%	11 5,37 22,00%	47 22,93
501-1 000	11 5,37 19,64%	10 4,88 20,83%	9 4,39 17,65%	5 2,44 10,00%	35 17,07
1001-5 000	16 7,80 28,57%	12 5,85 25,00%	17 8,29 33,33%	18 8,78 36,00%	63 30,73
5 000+	16 7,80 28,57%	12 5,85 25,00%	16 7,80 31,31%	16 7,80 32,00%	60 29,27
Total	56 27,32%	48 23,41%	51 24,88%	50 24,39%	205 100,00

Missing frequencies = 4

The above table shows that in this study, the level of unethical behaviour was not significantly influenced by the size of the organisation.

- **Industry sector and level of unethical behaviour using the MI score**

Statistical analysis in the form of the t-test procedure was conducted at a 95 percent level of significance to determine whether the type of industry sector influences the level of unethical behaviour observed. A significant difference was found to exist in terms of the F-test (see Table 19). Multiple pairwise t-tests were performed to determine which type of organisations contributed to this significant difference ($F = 1,95$, $df = 11,195$, $p < 0,05$).

Table 19: F-Table for type of industry sector and level of unethical behaviour

Source	DF	Sum of squares	Mean square	F-value
Model	11	359,61	32,69	1,95*
Error	195	3261,79	16,73	
Corrected total	206	3621,40		

* *p < 0,05*

The analysis showed that significant differences existed between community, social and personal services organisations (MI = 12,286) and electricity, gas and water (MI = 6,610); finance and business services (MI = 6,565); construction (MI = 6); manufacturing (MI = 5,892) and catering, accommodation and other trade organisations (MI = 5). The higher MI score in the community, social and personal services organisations is indicative of a high level of unethical behaviour. This level of unethical behaviour was shown to be significantly higher than that in other industry sectors, which averaged between 6,5 to 5 unethical behaviours observed.

Part 3: Role players and their influence on ethics

The third part of the results reports on the role players involved in managing the ethical environment in the organisation. This is discussed in terms of the commitment of managers towards ethical business conduct, the reporting of unethical behaviour and the actions taken when these behaviours are reported.

- **Commitment of managers and employees to ethical business conduct**

Respondents were requested to report on how they perceive the involvement of and commitment of employees and management (CEO, senior management, HR manager and supervisors) to ethical business conduct. Respondents perceived CEOs to have the highest level of commitment to ethical business conduct (see Table 20). This is a very positive sign in that 50 percent of fraudsters in companies are reported to be managers (see research by Ernst & Young, Temkin, 2003) and this high level of commitment could be a sign that this tendency can be eradicated.

While the commitment of management is perceived as high, the same cannot be reported at the lower levels in the organisations surveyed. Just over half of the respondents (57,19%) believed the degree of commitment to ethical business conduct by peers to be sufficient. This figure decreased even further in terms of general employees in the organisations, where only 38,24 percent of the respondents felt there was sufficient commitment to ethical business conduct.

Table 20: Commitment of managers and employees

Group	Yes	No	Don't know	No response	Total
CEO	214 (69,93%)	55 (17,97%)	31 (10,13%)	6 (1,96%)	306
Senior management	193 (63,07%)	87 (28,43%)	18 (5,88%)	8 (2,61%)	306
Direct supervisors	215 (70,26%)	70 (22,88%)	10 (3,27%)	11 (3,59%)	306
Subordinates	198 (64,71%)	54 (17,65%)	30 (9,80%)	24 (7,84%)	306
Peers	175 (57,19%)	85 (27,78%)	35 (11,44%)	11 (3,59%)	306
Employees	117 (38,24%)	123 (40,20%)	61 (19,93%)	5 (1,63%)	306

A further correlation was conducted between the above responses and the position of the rater in the organisation. No significant differences were found in this regard, however. According to Table 20 the CEO and senior management are viewed as highly committed to ethical business practices, yet in Tables 8 and 9 respondents reported observing a high level of unethical behaviour. Kreitner (2004) provides a possible explanation for the above in what he describes as an amoral manager. In terms of his definition amoral managers are neither moral nor immoral, but ethically lazy. Therefore the senior management and CEO of an organisation can be perceived as highly committed to ethical business conduct yet do not take the lead role in driving ethics initiatives.

- **Use of unethical conduct to meet objectives**

Respondents were requested to give their opinions on whether or not they believe their organisation ignores or encourages unethical conduct in order to meet business objectives. The results showed that 52,94 percent of respondents felt their organisation would ignore unethical conduct in pursuit of business objectives, and only 41,50 percent stated that their organisations would not ignore unethical conduct in their efforts to meets their objectives (see Table 21). The majority of respondents (67,32%) stated that their organisations do not actively encourage unethical conduct in pursuit of business objectives. More than a quarter of respondents (28,76%) believe that their organisations would choose to go the corrupt way and encourage their employees to use unethical methods to achieve their objectives (see Table 21).

Table 21: Ignoring/encouraging unethical conduct to meet objectives

	Ignore unethical conduct		Encourage unethical conduct	
Response	**(N)**	**Percent**	**(N)**	**Percent**
Missing frequency	1	0,33%	0	0%
Yes, frequently	27	8.,2%	18	5,88%
Yes, sometimes	67	21,90%	28	9,15%
Yes, but rarely	68	22,22%	42	13,73%
No, never	127	41,50%	206	67,32%
Do not know	16	5,23%	12	3,92%
Total	**306**	**100,00%**	**306**	**100,00%**

Although business ethics and ethical conduct have been the focal point in raising the image of South African business and the public service it would appear that they still have a long way to go. Ignoring and encouraging unethical conduct also reflects badly on management's ability to deliver in an honest and clean business environment. This might, however, be difficult to sustain on the societal and international levels, as Malan (2003) pointed out. Only by creating a business culture that is open, ethical and free of corruption can the situation be reversed. This could be achieved through the recognition of business ethics as a management discipline and by creating capacity to report on and control unethical conduct.

- **Reporting unethical behaviour**

Respondents who had observed unethical behaviour were requested to indicate whether or not they had reported the observation to management. Of the 215 respondents who had observed unethical behaviour, only 144 (67%) had acted positively by reporting on observed unethical conduct. Mistrust of the disciplinary system, fear of retribution or retaliation and a lack of confidentiality seem to be the main reasons for the respondents' not reporting unethical conduct (see Table 22). The reasons for not reporting vary from total non-commitment - “it was none of my business” to fear of being accused of “not being a team player”. One may infer that being part of an organisation implies being part of its ethics culture and unethical behaviour. The reasons advanced contradict the basic principles of the management of ethics through planning and control. It would also appear as if some of the respondents (29%, see Table 21) did not value business ethics as a contributor to success but rather encouraged unethical conduct to achieve their objectives. Although this behaviour is not acceptable it is somehow the perception of some opinion formers that this is the case in South Africa. Barber and Mabuza (2001) reported on the perceived high level of unethical behaviour in South Africa in the private and public sectors.

Table 22: Reasons for not reporting unethical behaviour

Reason for not reporting unethical behaviour	Frequency
I didn't believe corrective action would be taken	31
I didn't trust the organisation to keep my report confidential	29
I feared retribution or retaliation from my supervisor or management	26
I feared I would be accused of not being a team player	14
It was none of my business	13
I didn't want to be known as a whistle-blower	11
Nobody else cares about business ethics, so why should I	11
I didn't know who to contact	10
I feared retribution or retaliation from my co-workers	9

** Note: Respondents were permitted to indicate more than one response for this question - hence percentages are not provided.*

- **Actions taken on reports of unethical conduct**

The 144 (67%) respondents who indicated that they did report unethical conduct were then asked to indicate the organisation's response to their report. Eighty-five respondents indicated that an investigation had been launched (see Table 23). Only 68 of the investigations resulted in corrective action being taken. It was reported that in 19 cases the investigation was not conclusive and in 19 cases there was a cover-up.

Table 23: Actions taken on reported unethical conduct

Action taken	Frequency
Investigation launched	85
Corrective action was taken	68
Prompt and satisfactory response	30
My concerns remained confidential	27
Nothing happened	21
I was nog given a prompt or satisfactory response	21
Report not taken seriously	20
There was a cover-up	19
Investigation not conclusive	19
No feedback on outcome	17
Victim of retaliation or retribution	8

From Table 23 it appears that a variety of actions and non-actions are the result of complaints about unethical behaviour. Fortunately, in the majority of cases either an investigation was launched or corrective action was taken. Of concern, however, is the number of respondents who indicated negative reactions to their reporting of unethical conduct. This might indicate either management's unwillingness to deal with ethical issues or their lack of experience in dealing with them.

- **Satisfaction with actions taken**

Respondents were requested to state whether or not they were satisfied with the response of management to their reporting of unethical conduct. Of the 138 respondents who answered the question, 67,39 percent (see table 24) expressed a degree of satisfaction with the response they received, but 5,80 percent were undecided. More than a quarter of the respondents (26,81%) expressed dissatisfaction with management's response. Once again, this observation could point to a degree of inexperience in terms of dealing with ethical issues or less likely a disregard for ethical business practices.

Table 24: Degree of satisfaction with organisation's response

Response	Frequency	Percentage
Very satisfied	57	41,30%
Somewhat satisfied	36	26,09%
Undecided	8	5,80%
Somewhat dissatisfied	18	13,04%
Very dissatisfied	19	13,77%
Total	**138**	**100.00%**

Missing frequencies = 6

7 SUMMARY

The survey was conducted among persons registered with the South African Board for Personnel Practice in order to determine their perception of business ethics and the management of business ethics in their organisations. As shown in the literature, the South African business environment (including the public sector) is perceived to be fraught with corruption and unethical business practices. The survey showed this to be true to a certain degree, with over 70 percent of the respondents stating that they had observed some form of unethical business behaviour in the year preceding the study. The most common unethical behaviours were stealing/theft, lying to supervisors and misuse of the organisation's assets.

Although the majority of respondents stated that their organisations (67%) do not actively encourage unethical conduct, nearly a quarter (23%) of these organisations still opt for corruption and encourage their employees to use unethical methods to achieve their objectives.

To further analyse this high level of unethical behaviour, a misconduct (MI) score was developed to attach a numerical value to the observation of unethical conduct. In the literature it was stated that unethical conduct tends to decline in organisations in which management are conscious of the dangers of unethical business practices. However, over 27 percent of the respondents in the survey stated that their organisations do not have written codes of ethics in place. Results point to a significant relationship between written ethical standards and the level of unethical behaviour, with the result that the level of unethical behaviour was significantly lower in organisations with written ethical standards. The presence of training in ethics and an ethics office/ombudsman was also shown to influence the level of unethical behaviour. The community, social and personal services sector was found to show the highest level of unethical conduct, thus scoring significantly higher than any of the other sectors on the MI score.

A number of respondents reported that they were unwilling to report unethical behaviour. This unwillingness seems to be influenced by the absence of formal systems/structures and lines of communication with senior management levels. In a sense this is slightly ironic because respondents perceived the CEO and senior management to have the highest commitment to ethical business conduct. This in turn could indicate the lack of an open, trusting and well-managed culture of business ethics.

8 RECOMMENDATIONS

Based on the results of the survey the following recommendations can be made:

(1) It is clear from the results that the presence of written ethical standards impacts positively on the level of unethical behaviour. Organisations should therefore strive to establish and enforce a set of written ethical standards that are appropriate for their organisation.

(2) As stated in the discussion of the literature, merely having a code of ethics in place does not ensure ethical business practices. The standards need to be disseminated and understood throughout the organisation. This can be achieved through ethics training initiatives, especially during the induction of new employees. This could also help to increase the low level of commitment towards ethical business conduct which respondents perceived to exist among lower-level employees.

(3) While the results showed that the HR manager generally has greater insight into unethical actions in the organisation, he or she should not necessarily be the person responsible for creating an ethical business environment. It would appear instead that the presence of an impartial ethics office/ombudsman would result in greater observation, reporting and resolution of unethical behaviour in the organisation.

(4) Clear lines of ethical reporting and communication need to be established to ensure that unethical behaviour is reported on and resolved.

REFERENCES

Barber, S & Mabuza, E. 2001. Dismay over SA corruption score*. Business Day,* 28 June.

Berenbeim, R. 2000. Global ethics. *Executive Excellence*, 17(5), May:7.

University of Chicago. 2003. What's a CEO to do? A vexing case in health administration ethics. (www.uic.edu?sph/prepare/courses/ph450/resources/ethics.htm)

Ernst & Young. 2003. No let up in global fraud as new managers exploit loopholes for own gain, international survey reveals. London, 3 February. (www.ey.com/global/Content.nsf/UK/Media)

Diagncault, MG, Guthrie, JD & Nervan, JF. 2000. Managing ethics upwards. ERC Fellows Program, Washington DC: Ethics Resource Center. (www.ethics.org)

Donaldson, T. 1996. Values in tension: ethics away from home. *Harvard Business Review,* 74(5), September/October:48

Erasmus, B & Wordsworth, R. 2002. Aspects of ethics in human resource management. *Management Today*, February.

Hackworth, ML & Thomas Shanks, SJ. 2003. The case of the million-dollar question. Marketing Centre for Applied Ethics, Santa Clara University. (www.scu.edu/ethics/dialogue/candc/cases/million.html)

Howard, S. 2001. Corporate ethics, corporate culture and corporate image: today's key managerial issues. Howard Marketing Services, Australia. (steven@howard-marketing.com/resources/article13.html)

IBEI, vide International Business Ethics Institute.

Insights. 2000. A report of the ERC Fellows Program. Is an ethical world our vision. ERC Fellows Program. Washington DC: Ethics Resource Center. (www.ethics.org)

International Business Ethics Institute. (1994-2003). (www.business-ethics.org/primer.asp)

Koester, EA. 2002. Why CEO's fall. The Thierry Graduate School Of Leadership and Universitas Brexgatensis. (http://v/online/wizwords040-E_5.htm)

King Committee on Corporate Governance, 2001. *King report on corporate governance for South Africa 2001.* Parktown: Institute of Directors.

Kocourek, PF, Burger, C & Birchard, B. 2003. Corporate governance: hard facts about soft behaviors. seven steps to fixing what Sarbanes-Oxley can't. *Strategy and Business*, Spring.

Koopman, A. 2003. Corruption isn't as bad as it seems: survey. *The Star*, 20 February.

Levin, R. 2003. Public sector corruption "serious". Briefing to the media and diplomats at Parliament, Cape Town, 21 February (http://iafrica.com/news/sa/211849.htm)

Malan, DP. 2003. Business ethics in the employment relationship, in *Managing Employment relations in South Africa*, edited by JA Slabbert, JJ Prinsloo, BJ Swanepoel, & W Backer. Durban: LexisNexis Butterworths.

Markkula Center for Applied Ethics. 2003. Santa Clara University (www.scu.edu/thics/practicing/decision/whatisethics.html)

McNamara, C. 1999. Complete guide to ethics management: an ethics toolkit for managers (www.managementhelp.org/ethics/ethxgde.htm)

Miller, B. 2002. Ethics trap: it's not me, it's the firm. *Mercury News*, 1 February.

Miller, W. 2004. Implementing an organisational code of ethics. *International Business Ethics Review.* 7(1): 6 – 10.

Navran, FJ. 1992. The organizational ethics committee: role and responsibilities. Ethics Resource Center. Article ID:16.

Navran, FJ. 2003. Seven steps for changing the ethical culture of an organisation. Ethics Resource Center. Article ID:785

Rossouw, GJ & Van Vuuren, LJ. 2003. The business case for business ethics. *Management Dynamics* (12)1:2-11.

Salopek, JJ. 2001. Do the right thing. American Society for Training & Development (ASTD), Virginia.

Smith, J. 2003. Fraud: the unmanaged risk. 8th Global Survey. Ernst & Young Forensic Services. Biennial Global Survey (8th edition) (www.ey/global/content.nsf/uk/cf--services--forensics--library-fraud-survey-2002)

Smith, A. 2003. Corruption in the public service "serious". Cape Times. 27 February.

Temkin, S. 2003. South Africa: companies now face greater risk of fraud by employees. *Business Day*, 6 February.

The Ombudsman Association. 1985. Code of ethics (www.ombuds-toa.org/code-of-ethics.htm)

The Public Service Commission. 2001. *A report on the state of the public service*. Pretoria: Government Printer.

Union Oil Company of California. 2003. *Code of conduct*. (www.unical.com/ucl-code-of-conduct/ethics/conflict.htm)

Van Wyk, M. 2004. Interview conducted at the University of South Africa on the 29th of January 2004.