

Guide to Organisational Ethics

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Foreword

The establishment of an effective ethics program and a strong ethical culture that is pervasive throughout civil society organisations are cornerstones to the credibility of the sector in Namibia. As part of its programme to strengthen civil society in Namibia, the NID, in cooperation with various partners has therefore embarked on a training and technical assistance programme aimed at establishing ethics programs in civil society through:

- building local capacities for the assessment and training of organisations on ethics management to ensure the sustainability of interventions;
- ensuring that measures to create an ethical culture are in place;
- ensuring ethical leadership by management on all levels of organisations;
- ensuring tangible incentives for ethical courage;
- ensuring the appointment of ethics and compliance officers within organisations.

Compliance alone is however not enough. Ethical culture is the single biggest factor determining the amount of misconduct in any organization. The establishment of a strong ethical culture is a continual process, one that can be approached strategically, with measures to demonstrate progress. Making ethical decisions in the face of pressure to do otherwise requires personal risk by an employee. Reporting misconduct to management also takes ethical courage. Employees are more likely to take these risks if their experience tells them that management supports, rewards and protects individuals who take steps to uphold ethical standards. Performance measures for upholding ethical standards should be integrated into employee evaluations, and organisations should take steps to recognize employees who demonstrate right conduct.

It is trusted that this guide, which is published as part of the NID's Fundamentals of NGO Management series, will contribute to establishing a strong ethical culture in civil society in Namibia. I wish to thank the Embassy of Finland in Namibia for their support of this guide's publication.

Theunis Keulder

Executive Director

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Executive summary

Ethics concerns doing the right thing and is based on formalised or professional standards and values. Thus, ethics differs from morality, which helps to distinguish right from wrong based on what society regards as acceptable, and from compliance, which concerns doing things right. An ethical dilemma arises when two core ethical values clash or compete. In order to make the right ethical choice, one can ask a number of questions to help one to determine whether one's conduct is ethical. An ethical person not only has integrity and virtues, but is characterised by good and ethical behaviour.

A distinction can be made between irregularities, involving non-adherence to organisational rules and policies, unlawful or criminal behaviour, and unethical behaviour, which falls below or violates formalised or professional standards. There are many reasons for unethical conduct, which invariably has negative consequences. Ethical conduct, on the other hand, has a positive impact on not only employee perception and behaviour, but also the long-term sustainability and profitability of companies.

A number of international and transnational guidelines are available to assist in the establishment of an ethical organisational culture. These guidelines include articles providing for the protection of human rights as enshrined in the Namibian Constitution, the US Federal Sentencing Guidelines, the King 3 report on corporate governance, the Namibia Public Service Charter, the South African Batho Pele principles and the Africa Public Service Charter.

In order to create a culture of integrity and manage ethics effectively, an organisation has to implement an ethics-management programme. Such a programme entails assessing the organisational culture; developing or redesigning a code of ethics; institutionalising ethics, for example, by establishing an ethics office and a reporting line; training all employees and other stakeholders; auditing and verifying the effectiveness of the programme; and reporting to stakeholders. An organisation can also foster ethics by adopting and enforcing a conflict-of-interest policy, a gift register and an entertainment policy. Furthermore, business and government can use integrity pacts to fight irregularities, unethical conduct and crime proactively.

Leaders set the ethical tone in an organisation. Ethical leaders build, maintain and revise the systems that support organisational ethics and lead by example. Leaders can support ethics by consistently rewarding ethical behaviour and reprimanding ethical misconduct. Leaders have to fulfil a stewardship role and exercise moral duties.

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1. Introduction



Ethics and corporate-governance practices have become mainstream considerations in both the public and the private sector worldwide. In the past, these issues were acknowledged as being non-financial and marginal. The fact that these non-financial issues have shifted from being marginal to being mainstream components of African public-service organisations is among the most positive developments that has taken place in the region during the past decade or two. The implications of this shift, as well as of its evolving application, will be of fundamental importance to the future of African and global economic integration, national development, poverty reduction and service delivery in local communities.¹

In Southern Africa, we now have a robust set of tools and practical guidelines for good corporate governance that did not exist a decade or two ago. Moreover, in view of greater awareness of these issues and a willingness by the public and private sectors to engage in a good governance agenda, there is growing global consensus - supported by international conventions and national legislative and policy frameworks - on which standards, values, tools and policies constitute good practice.²

Improving good governance is an ongoing challenge as we build on and extend existing corporate-governance standards and ethical values to set an even higher benchmark.



2. Introductory remarks about organisational ethics

2.1 What is meant by 'ethics'?

Ethics is the study of what we understand to be good and correct behaviour and how people make those judgements. *Ethics* concerns doing what is right, good and fair beyond the demands of laws and regulations.³

Ethics is concerned with what is good or right in human interaction. "It revolves around three central concepts: 'self', 'good' and 'other'. Ethical behaviour results when one does not merely consider what is good for oneself, but also considers what is good for others."⁴

2.2 What is meant by the term 'organisational ethics'?

When one applies the concept of ethics to organisations, one takes into consideration the full implications of the organisation on all its stakeholders. Organisational ethics can therefore be defined as **Identifying and implementing standards of conduct in and for the organisation that will ensure that the interests of all its stakeholders are respected.** Organisational ethics thus refers to the values and standards that determine the interaction between business and its stakeholders."⁵

¹ Sullivan, J.D. (2009) A Moral Compass of Companies: Business Ethics and Corporate Governance as Anti-Corruption Tools. Global Corporate Governance Forum: Focus 7. International Finance Corporation, World Bank, Washington.

² Ibid.

³ Ethics Resource Centre, Washington DC.

⁴ Rossouw, D & van Vuuren, L. 2010. Business Ethics, 4th Edition. Oxford University Press, page 4

⁵ Ibid, page 5.

2.3 Ethics, morals and religion

Morality is the values that we attribute to a system of beliefs that helps an individual to distinguish right from wrong. The Oxford Dictionary describes *moral* as conforming to accepted standards of general conduct. Morality refers to what a group of people in a particular culture, or from a certain background, regard as socially acceptable behaviour, and it may change over time.

Some years ago, sociologist Raymond Baumhart asked business people, 'What does ethics mean to you?' Among their replies were the following:

"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 behavior our society accepts."

"I don't know what the word means."

These replies might be typical of our own. The meaning of "ethics" is hard to pin down, and the views many people have about ethics are shaky. Like Baumhart's first respondent, many people tend to equate ethics with their feelings. But being ethical is clearly not 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.

One should also not identify ethics with religion. Most religions, of course, advocate high ethical standards. Yet if ethics were confined to religion, then ethics would apply only to religious people. But ethics applies as much to the behavior of the atheist as to that of the saint. Religion can set high ethical standards and can provide intense motivations for ethical behavior. Ethics, however, cannot be confined to religion nor is it the same as religion.

Being ethical is also not the same as following the law. The law often incorporates ethical standards to which most citizens subscribe. But laws, like feelings, can deviate from what is ethical. Our own pre-Civil War slavery laws and the old apartheid laws of South Africa are grotesquely obvious examples of laws that deviate from what is ethical.

Finally, being ethical is not the same as doing "whatever society accepts." In any society, most people accept standards that are, in fact, ethical. But standards of behavior in society can deviate from what is ethical. An entire society can become ethically corrupt.

Moreover, if being ethical were doing "whatever society accepts", then to find out what is ethical one would have to find out what society accepts. To decide what I should think of abortion, for example, I would have to take a survey of society and then conform my beliefs to whatever society accepts. But no one ever tries to decide an ethical issue by doing a survey. Further, the lack of social consensus on many issues makes it impossible to equate ethics with whatever society accepts. Some people accept abortion but many others do not. If being ethical were doing whatever society accepts, one would have to find an agreement on issues, which does not, in fact, exist.

What, then, is ethics? Ethics is two things. First, ethics refers to well-founded standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues. Ethics, for example, refers to those standards that impose the reasonable obligations to refrain from rape, stealing, murder, assault, slander, and fraud. Ethical standards also include those that enjoin virtues of honesty, compassion, and loyalty. And, ethical standards include standards relating to rights, such as the right to life, the right to freedom from injury, and the right to privacy. Such standards are adequate standards of ethics because they are supported by consistent and well-founded reasons.

Secondly, ethics refers to the study and development of one's ethical standards. As mentioned above, feelings, laws, and social norms can deviate from what is ethical. So it is necessary to constantly examine one's standards to ensure that they are reasonable and well-founded. Ethics also means, then, the continuous effort of studying our own moral beliefs and our moral conduct, and striving to ensure that we, and the institutions we help to shape, live up to standards that are reasonable and solidly-based."⁶

2.3.1 The difference between immoral and unethical behaviour

It is important to be clear about the difference between immoral behaviour and unethical behaviour. 'Morals' are that by which we judge others, whereas 'ethics' refers to a professional or formalised standard. Stated differently⁷:

- Morality may be defined as the values that we attribute to the system of beliefs that helps an individual to distinguish right from wrong.
- Ethical conduct is based on formalised or professional standards, whereas morals are based on what society regards as acceptable behaviour.

Examples:

Gambling may be legal in a particular country, but may none the less be seen as immoral (wrong) by those against whose system of beliefs gambling goes. It would not be regarded as unethical, however, since it does not breach any codified standard.

Plagiarism (using someone else's work without citing it) is considered unethical (it may also be illegal), because it breaches the formal standards of behaviour expected of students and researchers.

⁶ Developed by Manuel Velasquez, Claire Andre, Thomas Shanks, S.J., and Michael J. Meyer. This article appeared originally in *Issues in Ethics* IIE V1 N1 (Fall 1987). Revised 2010.

⁷ Source: Ethics Resource Centre, Washington DC, USA

2.4 Ethics and norms

Norms are the rules that we apply to a specific situation and are based on our values. Ethics is the study of what we understand to be good and correct behaviour and how people make those judgements. As mentioned, ethics concerns doing what is right, good and fair beyond the demands of laws and regulations.

2.5 Ethics and compliance

Ethics is about doing the right thing, whereas compliance is about doing things right. Ethics thus requires a higher standard of behaviour.

2.6 Ethics and values

What are values? We all have personal values. Our values are our fundamental beliefs. Our values provide guidance in distinguishing right from wrong. Our values could also be called our “standards”. Values are what an individual believes to be of worth and of importance or valuable. These are general guidelines of acceptable and unacceptable behaviour.

As individuals in society, our behaviour is influenced by our personal values. Personal values are formed through various influences, including our religious beliefs, culture, family, gender and economic situation. We carry our personal values and beliefs with us as we go about our daily lives, and we carry these into the workplace.

Our daily decision making is guided and influenced by a number of sources, including the way in which we were raised as children, the teachings and examples of religious figures, scholars, political leaders, our culture, customs and traditions.

It is interesting to note that different religions teach essentially the same thing about how one should treat others:⁸

- **Christianity:** “Whatever you want men to do to you, do also to them.”
- **Islam:** “No one of you is a believer until he loves for his neighbour what he loves for himself.”
- **Judaism:** “What is hateful to you, do not do to your fellow man. This is the entire law; all the rest is commentary.”
- **Buddhism:** “Hurt not others with that which pains yourself.”
- **Hinduism:** “This is the sum of duty; do naught unto others what you would not have them do unto you.”

2.7 Ethics and ‘Ubuntu’

In Southern Africa and elsewhere, the concept of *ubuntu* has been debated and deliberated much. What does it mean, and does it bear any relevance to a discussion on ethical behaviour?

⁸ John C. Maxwell: *Ethics 101: What every leader needs to know*. New York: Center Street, 2003

South African Archbishop Emeritus Desmond Tutu offered the following definition of *ubuntu* in his 1999 book *"No future without forgiveness"*: "A person with *ubuntu* is open and available to others, affirming of others, does not feel threatened that others are able and good, for he or she has a proper self-assurance that comes from knowing that he or she belongs in a greater whole and is diminished when others are humiliated or diminished, when others are tortured or oppressed."

2.8 Universal values

Something is of universal value if it has the same value or worth for all, or almost all, people, or when all people have reason to believe that it has value. The renowned Indian economist Amartya Sen, who was awarded the 1998 Nobel prize in Economic Sciences for his contributions to welfare economics and social-choice theory, points out that when Mahatma Gandhi argued that non-violence was a universal value, he was arguing that all people have *reason* to value non-violence, not that all people *currently* value non-violence. Many things, including democracy, have been claimed to be of universal value.

2.9 Organisational values

In order to build an ethical culture, an organisation chooses its values. These values should be codified in a code of ethics and communicated to relevant parties. The adoption of organisational values is discussed in more detail later in this guide.

2.10 Ethics management

Ethics management is concerned with aligning organisational strategies and operations with basic ethical standards of what is good, right and fair. An organisation has a duty to create and communicate the expected ethical standards of conduct. The organisation must ensure that a culture that will support the standards and expectations is created and sustained.

All employees (including leaders) must meet those standards and report observed misconduct (or failures to meet these standards).⁹

More details of an ethics-management programme are provided later in this guide.

3. Ethical dilemma



An ethical dilemma arises when two core ethical values clash or compete and we have to choose one value above the other in particular circumstances. An ethical dilemma may be defined as a situation in which individuals:

- Do not know the right course of action
- Find it difficult to do what they consider to be right
- Find the wrong choice very tempting

⁹ Source: Prof Willem Landman, Former Chief Executive of the Ethics Institute of South Africa.

Issues that may pose ethical dilemmas for individuals may include: serving self-interest, accepting unlawful gratuities, falling victim to corruption and bribery, blowing the whistle and being tempted to place personal loyalties above the organisational best interest.

Consider the following predicament:

*After a long and tiring day, you arrive home from work. You have been putting in every effort to be able to afford the family a few luxuries, such as a car and a sturdy home. After supper you head straight to bed. At midnight you wake up and smell fire and smoke. You realise that your neighbour's house is on fire. She has three small children, and you rush off to offer your help. As you, however, run out of your house towards your neighbour's house, you pass your brand-new vehicle. You realise that it will be destroyed in the fire unless you move it away. You also realise that every minute counts if you **want to help your neighbour and save her children**. What do you do? You spot your uncle in a shop. As you walk up to him to greet him, you notice him taking a lighter from a shelf and putting it in his pocket. What do you do?*

3.1 Make the right ethical choice

When faced with an ethical dilemma, Norman Augustine, former Chief Executive Officer of Lockheed Martin, uses the following four questions to determine whether his conduct is ethical:

- Is it legal?
- If someone else did this to me, would I regard it as fair?
- Would I be content if this were to appear on the front page of my hometown newspaper (how would it make me feel)?
- Would I like my mother to see me do this (can I tell my children about this)?

One could also ask additional questions, such as:

- Does my professional and organisation code/policy allow it?
- Is it acceptable business practice?
- Is it in the best interest of my organisation?
- Does it influence my objectivity?
- Would disclosure of this matter, or conduct, lead to public embarrassment for the organisation?
- Am I placing my or my organisation's reputation on the line?
- Is the timing right?
- Is there a fair balance between conflicting demands or interests?
- Will inaction make things worse or better?
- Do I have a mandate to do this?
- What would the broader social impact be?
- Does it lead to the upliftment of the broader community?

Prof. Mervin King (chairman of the King reports on corporate governance) suggests eight other "silent questions" to be answered by leaders in order for them to be **intellectually honest**,

thereby ensuring that they have considered all the ethical dimensions:

- Is there a conflict of interest?
- Do I have all the facts at my disposal?
- Is this a rational decision, taking all the facts into account?
- Is the decision in the best interest of the company?
- Is the communication to all stakeholders transparent (does it convey the substance, or only the facts)?
- Is the organisation acting in a socially responsible manner?
- Am I acting as a good steward of the company assets?
- Will this decision pass the “newspaper test” (will the company be embarrassed by this decision in the long term)?



4. What is an ‘ethical person’?

To understand what is meant by an “ethical person”, we have to differentiate between *virtues* and *good behaviour*.

4.1 Virtues

Virtues include humbleness, respectfulness, honesty, reliability, being forgiving and caring: those qualities that we want to instil in our children, because they direct good behaviour.

4.2 Good behaviour

Good behavior is what is accepted in society as the right way of doing things. We want our children to do the right thing and to do good.

An *ethical person* is characterised by virtues AND good behaviour. Being an ethical person implies having integrity:

- Integrity means “moral uprightness” or “honesty”.
- Integrity is also described as “wholeness” or “soundness”.
- To act with integrity means to do things with intellectual honesty - acting out of your OWN moral convictions and sound values.
- It makes me feel good to do the right thing.
- It does not come from outside but from inside.



5. What is ethical behaviour?

Ethical behaviour is conduct that is based on formalised or professional standards, whereas morals are based on what society regards as acceptable behaviour.

Ethical behavior is about who I am, having virtues such as honesty and reliability, and how I conduct myself - not only in self-interest, but behaving responsibly. Also, ethical behaviour means conduct that is fair to others, responsible, good and does not harm innocent parties. Ethical behaviour goes beyond compliance with legislation, policies and rules. As mentioned earlier, ethics is about doing the right thing, whereas compliance is about doing things right. Being ethical requires sacrifice and inconvenience.

To grasp fully what is meant by ethical conduct, we also need to understand what is meant by unethical, unlawful, or irregular conduct.

6. What is meant by 'ethical organisational culture'?

Organisational culture is often explained as "*the way we do things around here*". The best set of policies and guidelines will not have much impact if the culture of an organisation is unethical. On the other hand, when an organisation has a culture of doing things fairly and transparently, irregularities will be less likely to occur even if specific policies in that regard are not in place. This does not mean that the formal aspects are unimportant. Organisations are open to change, and the formal aspects are the tools that are used to ensure that an ethical culture is either maintained or achieved.

An ethical organisational culture is crucial to ensure that employees discharge the mandate of their organisation in an ethical manner.

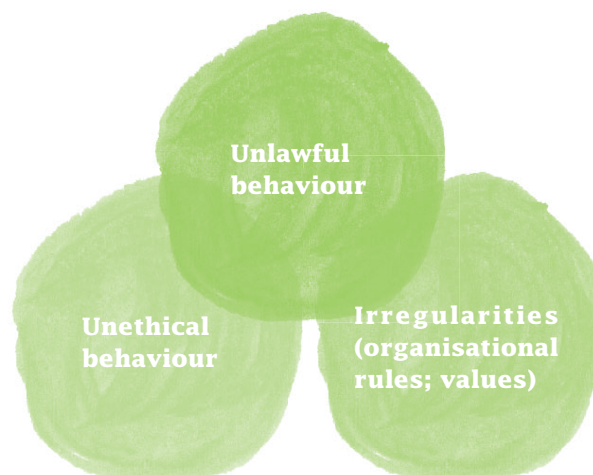
More details about 'how to' establish an ethical organisational culture are provided later in this guide.

7. What is meant by 'unlawful, unethical and irregular' conduct?

The diagram below depicts the interrelationship between unlawful behaviour, unethical behaviour and irregularities:

Figure 1:

Interrelationship between unlawful behaviour, unethical behaviour and irregularities



How can we distinguish between unlawful behaviour, unethical behaviour and actions that are irregular?

7.1 Irregularities

Irregularities refer to non-adherence to organisational rules and policies, such as human-resource (HR) practices, procurement practices and procedures, financial systems and control. Examples of irregularities are:

- Inadequate vetting of employees or service providers.
- Non-compliance with prescribed tender procedures.
- Abuse of the system of overtime and false overtime claims by employees and contractors.
- Non-compliance with delegated authority limits.
- Creation of “ghost” employees on payrolls.
- Abuse of company assets.
- Use of company resources for private gain.

Various stakeholders may be harmed when organisational irregularities occur.

7.2 Unlawful behaviour

A crime is an unlawful, blameworthy act or omission, punishable by the state. A crime is almost invariably harmful to the public interest, that is the interests of the state or the community.¹⁰ In other words, a crime is conduct that –

- is legally forbidden;
- which may, in principle, be prosecuted only by the state; and
- which should result in the imposition of punishment.

As a rule, the state prosecutes in a criminal case. If a person is charged in a court with having committed a crime, the trial is governed by the rules of criminal procedure. The same act or behaviour is not always and not in every situation unlawful. There are exceptions on the grounds of justification, such as private defence, necessity, consent and official capacity.

An example is:

In the course of duty, a police officer may be required to run after a criminal and to get hold of him by tackling him to the ground. Although the tackling is assault, which is a crime, the police officer will not be punishable for the crime because his assault is justified by the arrest of the criminal.

On the other hand, a criminal tackling an old lady to seize her purse should be charged with assault.

¹⁰ Snyman, C.R. 2008, Criminal Law (Fifth Edition) Durban: Lexis Nexis, page 4.

It is important to remember that both intention and neglect are considered grounds for blame for unlawful conduct. Intention, or a deliberate, wrongful act or omission, is a requirement for most crimes. Crimes can also result from a person's negligence. There is negligence when a person has failed to take the necessary precautions that a reasonable person, with the same experience, skills and knowledge, would have taken in the same circumstances.

7.3 Unethical conduct

Unethical behaviour is action or inaction that is not right, improper, not good and not fair. In general, *unethical conduct* refers to behaviour that falls below, or violates, the professional standards in a particular workplace or profession, such as the public service, a bank, the medical, legal and teaching profession. On the other hand, *ethical conduct* is in accordance with the accepted principles of right and wrong that govern the conduct of an employee, or of someone in a particular profession.

An example of unethical conduct is when power is abused, such as a teacher-student relationship (for example, a teacher dating a student) or a doctor-patient relationship, because it directly breaches the codes of practice used in the professions of teaching and medicine. Cheating on a spouse or girl friend, or cheating at cards is regarded as immoral, but is not unethical.¹¹

Some important aspects to note in respect of irregular, unlawful or unethical behaviour are the following:

- Any community or organisation needs social order to function effectively.
- Social order is established through the morals and ethics of individuals.
- Ideally, all individuals should have the highest integrity and always be motivated to place the interest of others (or the organisations for which they work) above their own.

This, however, is not always the case, and one person's values may differ substantially from those of another, which may lead to injustice and damage at the individual, social, organisational or national level. In such instances, private law and criminal law have to support the social order.

Private law rules the relationship amongst individuals, whereas public law rules the relationship between the state and its subjects or amongst state organs.

Public law may be subdivided into criminal law and constitutional law.

When an individual damages the social order through his/her behaviour, the community demands that criminal law impose sanctions on the offender, with a view to retribution, prevention of the crime, deterrence or rehabilitation of the offender.

¹¹ <http://answers.yahoo.com/question/index?qid=20070415220914AAKLald>

Criminal law has over many years formulated a number of crimes that are against the public order and which are therefore unlawful. Theft, fraud, corruption, extortion and intimidation are examples of crimes regulated by criminal law. When a person commits such a crime, it may be assumed that the value “to be honest” has failed to guide this person, and such crimes share the element of dishonesty. Criminal law deals with conduct that is unlawful. Unethical conduct is not a criminal act and it is therefore NOT regulated by law. Unfortunately, the law seldom provides sufficient sanctions to deal with unethical conduct. Sadly, unethical conduct may be just as detrimental to the societal order as criminal behaviour.

8. Reasons for unethical conduct



There are many reasons for people doing wrong. Possible reasons for unethical conduct may be the following:¹²

- **Good intentions:** Some employees do things that they are not supposed to do (or fail to do things that they are meant to do) in an attempt to help others.
- **Ignorance of laws, codes, policies and procedures:** Some employees simply do not know the laws and directives that deal with what is right and wrong in their work.
- **Ego power trips:** Some employees think they know what is best, regardless of what their organisation has decided.
- **Greed:** Some individuals exploit their position at work to enrich themselves.
- **It comes with the territory:** Some employees believe there is nothing wrong with using opportunities at work to enrich themselves. They regard it as part of “business practice”.
- **Friendship:** In some cases, employees abuse their position in their organisation to assist their friends out of a misplaced sense of loyalty.
- **Ideology:** People with strong ideological convictions may believe that any means can be justified as long as the result is the right outcome for them.
- **Post-employment “revolving door”:** Some employees engage in unethical/criminal behaviour in an attempt to secure a position at a different organisation, for example, by awarding tenders to certain companies that they hope will employ them in future.
- **Financial problems:** People with financial problems at home sometimes engage in unethical practices to cope with their problems.
- **Exploiting the exploiters (retribution):** Some employees believe that they are being exploited by their bosses and that they are entitled to do anything to turn the tables on their ‘exploiters’.
- **Going along:** Some people believe that, since others act unethically/criminally at work, they are also entitled to do so.
- **Survival:** Some would do anything to ensure that they maintain and defend their current positions.

¹² Source: Steinberg & Austern, p 24 Anti-corruption Capacity Requirements Guideline

According to auditing firm KPMG Forensics' Integrity Survey of 2008-2009¹³, the major drivers of fraud and misconduct were:

- **Work pressure** (50 per cent of respondents said managers and employees would do WHATEVER it took to meet business targets);
- **Incentives** (52 per cent of respondents believed that they would be rewarded for RESULTS, not the MEANS used to achieve them);
- **Inadequate resources** to meet targets/perform the job; and
- **Job insecurity.**

8.1 Consequences of Unethical Conduct

Breaking the rules invariably has negative consequences. On the sports field, breaking of rules can lead to penalties, such as "time out", or being sent off the field. Elsewhere in society, it is not always clear.

Although it may not be visible to others when someone or a company breaks the rules, it does not mean that there is not serious harm to others. Often, such incidences can be hidden from stakeholders. If a mining company pollutes the nearby rivers over a long period of time, the natural underground water supplies to a community could be adversely affected.

Not all forms of unethical behaviour are against the law, but criminal offences may well include unethical behaviour. Likewise, irregularities or breaking of rules generally contain an element of unethical behaviour. As mentioned above, unethical conduct may be just as detrimental to the societal as criminal behaviour. Unethical behaviour can also result in significant damage to an organisation's reputation.

9. Benefits of ethical conduct

It is estimated that 60 per cent of all companies and 95 per cent of Fortune 500 firms have codes of conduct. The National Business Ethics Survey of 2000¹⁴ by the Ethics Resource Centre in Washington demonstrated that companies with good ethics programmes ranked higher in employee satisfaction. Pressure to commit misconduct, on the other hand, was more closely aligned with a lack of ethics programmes¹⁵.

9.1 Positive impact of ethical environment

A survey¹⁶ by the Ethics Resource Centre in Washington showed that:

- seventy-nine (79) per cent of employees believed that ethics was important ;
- ethics influenced employees' decision to stay with an employer;
- employees cared more for product quality and success when they trusted their employer.

¹³ <http://www.kpmg.com/ZA/en/IssuesAndInsights/ArticlesPublications/Surveys/Pages/Integrity-Survey-2008.aspx>

¹⁴ To view follow the link: <http://www.ethics.org/resource/2000-national-business-ethics-survey-nbes>

¹⁵ To view the 2009 National Business Ethics Survey go to: <http://www.ethics.org/nbes/download.html>

¹⁶ Linda and O.C. Ferrell, 2009, Ethical Business, Dorling Kindersley Limited, page 12.

When employees are satisfied with their employer's ethics system, they –

- are more likely to exceed expectations of performance;
- be more receptive to marketplace changes; and
- be more dedicated to customers and create long-term relationships with customers.

An ethical environment –

- fosters mutual trust and leads to better relationships;
- inspires loyalty from customers;
- serves to attract and reassure investors; and
- is thus a competitive advantage.

9.2 Do ethics and compliance pay?

In the auditing firm KPMG's Integrity Survey of 2008 - 2009¹⁷, it was found that ethics and compliance programmes had a favourable impact on employee **perception** and **behaviour**.

In organisations with comprehensive ethics and compliance programmes, twice as many respondents felt MOTIVATED and EMPOWERED to do the right thing than respondents in companies lacking such programmes.

9.3 Stakeholder priorities

Ethical (or unethical) behaviour and the right choices have a direct impact on the long-term sustainability of companies. In recent surveys by KPMG and the United Nations Environmental Programme¹⁸, it was shown -

- that the most important priority to stakeholders of a company was the **quality** of the company's product or service; and
- that the second priority was the **trust** and **confidence** that the stakeholders had in the company.

10. International and transnational guidelines for creating an ethical organisational culture

As briefly explained above, an organisation has to establish and maintain an ethical organisational culture to guide management and employees on the required standard of conduct.

There are a number of international and transnational guidelines available to assist organisations in the establishment of an ethical culture. Only a select few of these guidelines are discussed.

¹⁷ <http://www.kpmg.com/ZA/en/IssuesAndInsights/ArticlesPublications/Surveys/Pages/Integrity-Survey-2008.aspx>

¹⁸ This study was quoted in the King 3 Report on Corporate Governance, 25 February 2009, preface, page 10. The full King III Report may be downloaded from <http://african.ipapercms.dk/IOD/KINGIII/kingiiiireport/>

10.1 Namibian constitutional human rights

Chapter 3 of the Namibian Constitution enshrines fundamental human rights and freedoms and provides a framework for ethical behaviour.¹⁹ These rights include:

- Protection of life
- Protection of liberty
- Respect for human dignity
- Equality and freedom from discrimination
- Fair trial
- Privacy
- Property
- Political activity
- Administrative justice
- Culture
- Education

Citizens are obliged to uphold the principles and values of the Constitution and to respect the rights of others. This constitutes ethical behaviour. Unethical behaviour denies constitutional human rights by treating people unfairly.

Since public officials execute government policy and work with public monies, they are accountable to government and the electorate. This forms the basis of public administration and management. Ethical conduct requires active promotion to entrench this in the public service, so that the conduct of officials will be responsible and promote public confidence in the integrity of public officials.

The same principles apply to non-governmental and private sector-management and employees.

10.2 United States Federal Sentencing Guidelines

The US Federal Sentencing Guidelines encourage ethical conduct in US corporations. Businesses have to:

- Ensure that they have an effective compliance and ethics programme;
- evaluate periodically the effectiveness of the organisation's compliance and ethics programme; and
- periodically ***assess the risk of criminal conduct*** and ... take appropriate steps to ***design, implement, or modify each requirement*** ... to reduce the risk of criminal conduct identified through this process.

¹⁹ The Constitution of the Republic of Namibia, Chapter 3.

The US Federal Sentencing Guidelines²⁰ now require organisations to take seven steps to illustrate a commitment to prevent wrongdoing, namely:

1. Establish ethics and compliance **standards and procedures** - develop and implement a code of ethics/code of conduct.
2. Assign high-level personnel to **oversee compliance.**
3. Exercise due care in delegating **discretionary authority.**
4. Implement **ethics training programmes and ethics communication channels** regarding the code of ethics and compliance procedures for all in the company.
5. **Enforce the code consistently** (appropriate and consistent discipline).
6. **Monitor, audit** and provide **safe reporting** systems/mechanisms.
7. **Respond to offences or deviations from the code** in a manner that tends to prevent recurrence.

10.3 King 3 report on corporate governance

In terms of the South African King 3 report on corporate governance (King 3)²¹, the governing board of an organisation is responsible for building and sustaining an ethical culture to prevent wrongdoing. In order to establish an ethical culture, management and employees must ensure -

- that their department or organisation is honest and ethical in its business dealings, including dealings with customers, suppliers, employees and citizens;
- that their employer treats them with respect, rewards them fairly, imposes discipline fairly and follows fair labour practice;
- that commercial crime prevention is a common objective throughout the organisation at all levels, that they have been trained to play their part in the fight against irregularities and that their efforts are acknowledged; and
- that if white-collar crime and corruption is suspected, the perpetrator can expect the most rigorous investigation and, if found guilty, the possibility of a severe sentence exists.

Senior management sets the culture within a department or organisation. When the directors themselves are involved in fraud or unacceptable standards of business behaviour, employees at all levels are more easily able to justify their own misconduct.

It follows that if an organisation or government department is to combat crime and unethical conduct, management should first look inward and adopt standards that are scrupulously honest and fair. It is vital for an organisation or government department to demonstrate its honest, ethical intent. With this in mind, many organisations and government departments have adopted and are adopting formal statements of values or codes of ethics.

²⁰ A summary of the US Federal Sentencing Guidelines can be found on page 133 of the Business Fighting Corruption: Experiences from Africa Report. Follow the link: http://www.unglobalcompact.org/docs/news_events/8.1/bfc_web.pdf

²¹ The King 3 report can be accessed on the website of the Institute of Directors, at www.iodsa.co.za.

10.3.1 Ethics-management programme

Chapter one of the King 3 report states that it is also the governing board's responsibility to ensure that the ethics of an organisation is managed effectively. This requires the adoption of an effective ethics-management programme. Such a programme consists of the following steps:

1. **assess** the current culture and risks;
2. **choose** your organisational values;
3. **codify** your values to support a healthy culture (code of ethics);
4. **institutionalise** your chosen values;
5. **assess** the **effectiveness** of the code and organisational values; and
6. **report** on and **verify** the effectiveness of your formalised standards.

Each of these steps is discussed in more detail below.

Step one: Assess culture and risks

Assess your organisational ethics culture and risks by identifying beliefs, practices and conduct that have an impact on the organisation's ethics performance. Compile an ethics-risk profile, reflecting both negative ethics risks (threats) and positive ethics risks (opportunities). A document review (to establish, for example, whether the organisation has a code of conduct or a gift policy and whether such code or policy is up to date) may also be conducted.

a) Ethical risks

The following questions help to identify ethical risks to an organisation:

- Are operational procedures in place to help employees to maintain ethical behaviour?
- Do employees ever have to break the organisation's rules to finish their work?
- Has the organisation ever hidden practices that would embarrass the organisation if they were known to the public?
- Are any of the organisation's products or services described in a manner that could be regarded as misleading?
- Do the organisation's activities show sufficient concern for the community?
- Do the organisation's concerns about its environmental impact address just the issues that it is legally required to consider?

b) Ethical health checklist²²

The following questions help to determine the ethical health of an organisation:

- Is there a general understanding in the organisation of what constitutes proper conduct?
- Does the organisation's culture encourage openness between managers and employees?

²² Ferrell, Linda & Ferrell, O C: Ethical business. Dorfling Kindersley, 2009.

- Are there rewards for employees who demonstrate appropriate ethical behaviour?
- Do employees know how to act ethically during crisis situations?
- Do employees in the organisation treat customers fairly and honestly?
- Do employees treat each other with respect and honesty?
- Are there role models in the organisation who demonstrate ethical decision-making and behaviour for lower-level employees?
- Have employees ever been given constructive criticism on how to improve their ethical conduct?
- Have employees ever been reprimanded for unethical conduct?

c) Is the organisation an ethical employer?

The following questions assist in determining whether an organisation is an ethical employer:

- Are all team members treated with respect?
- Are objective measures used to determine employees' status and rewards?
- Is the organisation scrupulously honest about employees' benefits and job security?
- Do managers know what motivates their employees?
- Are employees allowed to express their opinion?

Step two: Choose values

If no defined values are in place, choose collective values and standards. It should be noted that:

- It is impossible to formulate a rule for every conceivable business scenario. Just as a person is guided by personal values and norms, an organisation needs corporate values to establish a uniform value system.
- The South African Batho Pele principles provide the organisational values to which South African public servants should adhere. In Namibia, public officials receive guidance from the Public Service Charter.²³ In the private sector, organisations have to choose their own values.
- King 2 and 3 advise companies to formulate a written code of ethics to guide stakeholders on expected conduct. A code of ethics is seen as an essential part of good governance (King 3, chapter one).
- The ethics code does not replace other policies, but supports and expands rules.
- A code of ethics is based on a set of chosen values.

Organisations typically choose values such as:

- Integrity (relates to who we are: we are trustworthy, we do what we say). Integrity could include the values of:
 - Transparency
 - Honesty
 - Truthfulness

²³ These documents are discussed later in this guide..

- Fairness (refers to even-handedness and how we treat others), Fairness could imply that we do not pay bribes to win tenders and that we do not discriminate against people.
- Respect (refers to how we relate to others). Respect means that we treat all stakeholders with dignity.
- Responsibility (prescribes how we take ownership of what we do). This means that we act with professionalism and that we are accountable for our actions and inactions.

Non-values, which organisations do not want to see in their business, would include issues such as:

- Blaming others;
- procrastinating;
- creating an unnecessary bureaucracy;
- being dishonest;
- acting with mediocrity;
- being complacent;
- showing apathy; and
- working in secrecy.

Step three: Codify values

The organisation must now codify the chosen values. The chosen values or standards are formulated in a code of ethics/conduct to provide the foundation and direction for business practice, to guide staff in terms of desired conduct and “formally” to express standards/values to all stakeholders.

In the formulation of an ethics code, the following serve as general guidelines:

- Ensure that top management fully supports the code and will provide the necessary leadership to ensure that the code is implemented – employees will follow the behaviour of top management.
- Clearly define the principles and values underlying the code.
- Make the code relevant, clear and credible for employees.
- Ensure that the group that drafts the code is representative of all organisational functions.
- Have the code reviewed by a large group of diverse stakeholders.
- Seek appropriate feedback.

Two **examples** of organisational codes of values are discussed below:

Namibia Public Service Code of Conduct²⁴

In Namibia, the Public Service Code of Conduct provides guidance to staff members on the behaviour expected of them, both in their individual conduct and in their relationship with

²⁴ <http://www.namibweb.com/pa.pdf>

others²⁵. The Code is aimed at helping to enhance professional and ethical behaviour and maintain confidence in the public service. Non-compliance with the Code is dealt with in terms of the Public Service Act of 1995. The three main principles of the Namibian Code are:

- Staff members are to perform their duties with professionalism and integrity.
- Fairness and equity are to be observed in official dealings with colleagues and members of the public.
- Real or apparent conflicts of interest are to be avoided.

Individual Namibian government departments have drawn up their own charters to gear their services further towards courteousness and helpfulness. These departmental charters are based on the following principles:²⁷

Standards: Setting, monitoring and publishing clear standards of service that individual members of the public can reasonably expect.

Information: Providing information about public services in a straightforward and open manner *that is readily understandable*.

Courtesy and helpfulness: Providing a courteous and helpful service suitable to the convenience of those entitled to the service. Such services are being provided by public servants who can be identified readily by their customers as they would be wearing name badges.

Consultation and choice: Ensuring that there is regular consultation and communication with those who use services and, having taken their views and priorities into account, providing a choice wherever possible.

Accountability: Providing details of performance against targets and identifying who is responsible.

Openness: Disclosing how public services are managed and the cost and performance of specific services.

Non-discrimination: Ensuring that services are available and applied equally to all.

Quality of service: Publicising straightforward complaints procedures with independent reviews where possible. Providing, where errors have been made, an apology, full explanation and early correction of the error.

Value for money: Providing efficient and affordable public services.

Africa Public Service Charter

In recognition of the need for organisational values and standards, African government ministers adopted the Africa Public Service Charter when they met in Namibia, in 2001, for the 3rd Biennial Pan African Conference.²⁷ The Charter is aimed at setting standards to restore prestige and dignity to the public service, as well raise performance levels and competence in governments.

²⁵ <http://unpan1.un.org/intradoc/groups/public/documents/cafrad/unpan007930.pdf> (Promoting Ethics and Professionalism in the Namibian Public Service, Presentation by George Simataa, Undersecretary: Department Public Service Management, Office the Prime Minister, Namibia, December 2004)²⁷ <http://www.namibweb.com/pa.pdf>

²⁶ <http://www.namibweb.com/pa.pdf>

²⁷ <http://www.capegateway.gov.za/eng/pubs/news/2005/jun/106871/>

The Africa Public Service Charter defines a framework to guide the public services in Africa in taking the legislative, regulatory, technical and practical measures required to create favourable conditions for the proper functioning of the public service and improve the quality of its services.

The Charter states and defines the principles and rules of conduct for public-service employees. They are expected to foster a neutral and stable environment, which is conducive to the strengthening of ethical values and the image of the public service, as well as the professionalism of its employees.

The principles and rules of conduct set out in the Africa Public Service Charter are:

- Equality of treatment of citizens;
- neutrality in service delivery along the objectives of the government of the day;
- legality in terms of administrative decisions conforming to laws and regulations;
- continuity in terms of ongoing service delivery to customers;
- proximity and accessibility of services;
- participation, consultation and mediation;
- quality, effectiveness and efficiency;
- evaluation of services;
- transparency and information;
- speed and responsiveness; and
- reliability and confidentiality of information concerning citizens.
- participation, consultation and mediation;
- quality, effectiveness and efficiency;
- evaluation of services;
- transparency and information;
- speed and responsiveness; and
- reliability and confidentiality of information concerning citizens.

Step four: Integrate values

Integrate, or institutionalise, the chosen and codified values. This set of values, or standards, should become an integral part of the organisation's identity ("who we are") and culture ("how we do things"). An organisation's ethical values should permeate all decisions and actions and be visible in the way in which the organisation treats its internal and external stakeholders.

The **operational components** of an ethics programme typically consist of:

- Creating ethics-management structures and offices, for example, establishing an ethics office in the organisation;
- ensuring that there is an effective ethics communication strategy to internal and external stakeholders;

- establishing a whistle-blowing facility to report unethical and illegal conduct; and
- providing extensive ethics training to all employees (management and staff members) as well as to external stakeholders where relevant.

Note that transgression of the values of an organisation amounts to unethical behaviour. If unethical conduct is tolerated, the importance of organisational values will soon be diluted. The Association of Certified Fraud Examiners in the United States of America found that the temptation to commit crime is proportional to an individual's perception that he/she may be caught. Even if a company believes in general deterrence of crime, this will be ineffective if an individual does not believe that he/she will be punished. A strong message of zero tolerance against crime and unethical behaviour needs to be sent to all employees.

It is therefore essential for decisive action to be taken to prevent similar transgressions and to illustrate that the organisation is serious about upholding its chosen values.

In instances of serious unethical conduct, consistent and fair disciplinary action should be taken. In very serious cases of unethical conduct, dismissal may even be justified, since the trust relationship between the employee and the organisation may be irreparably damaged.

Step five: Assess effectiveness

Assess the effectiveness of the code and values. It is recommended that an assessment or audit of the alignment of an organisation's strategies and operations with its chosen ethical standards be done.

The organisation may use its **internal audit department** to assess the efficiency and effectiveness of its ethics systems.

Step six: Report and verify

The organisation's ethics performance needs to be assessed, reported and disclosed to internal and external stakeholders to provide stakeholders with verified information. The objective is to reinforce and enhance the organisation's ethical culture. Such a report should be clear, credible and comprehensive.

It is furthermore recommended that independent verification and assurance of an organisation's ethics performance be done. This process is aimed at providing stakeholders with verified information in order to form opinions and make decisions based on the disclosed information.

King 3 in summary

In summary, in order to create a culture of integrity, an organisation should implement an ethics-management programme by:

- Assessing the organisational culture;
- developing or redesigning a code of ethics/practices;
- institutionalising ethics, for example, by establishing an ethics office and a reporting line/hotline;
- training all employees (including managers and board members) and other stakeholders;
- auditing and verifying the effectiveness of the ethics-management programme; and
- reporting to stakeholders.

11. More ways to promote an ethical organisational culture

11.1 Adopt policies and controls

An organisation can also promote ethics by adopting and enforcing sound policies, such as a conflict-of-interest policy, a gift register and an entertainment policy.

11.1.1 Conflict-of-interest policy

A conflict-of-interest policy clarifies what a conflict of interests is and what should be done if one finds oneself faced by a conflict of interests. The policy should provide clear guidelines on how to declare interests annually. Such a policy assists in upholding organisational integrity and avoiding perceptions of corruption.

11.1.2 Gift and entertainment policies

Gifts and entertainment are a necessary part of doing business in society, to build relationships and networks and to market the products and services of companies.

In order to avoid perceptions of corruption, however, companies should give guidance, through a written policy, to their employees about their obligations under applicable bribery laws, to ensure that gifts and entertainment are exchanged with business partners in a manner that is, and that is perceived to be, consistent with the organisation's legal obligations and business values.

The gift policy should be communicated to all employees and should clearly outline how gifts must be declared, when and by whom gifts may not be accepted at all, and what the maximum value of a gift may be. Appropriate disclosure mechanisms, such as a gift register, should also be in place, and gifts given and received should be audited regularly.

Sometimes factory inspections, business meetings and the like may require invitations to be extended to public officials as part of the marketing or operational requirements of an organisation. The best practice would be for government officials to pay their own way to a meeting venue and to pay for accommodation and allowances.

In South Africa, the Anti-corruption Working Group of Business Unity South Africa has formulated a useful guideline on gifts and entertainment²⁸.

11.2 Integrity pacts

Transparency International developed the Integrity Pact (IP) as a tool to help governments, businesses and civil society intent on fighting corruption in the field of public contracting. Integrity pacts may be used to fight irregularities, unethical conduct and crime proactively in business.

An integrity pact is a written agreement between the government/government department and all bidders to refrain from corruption and collusion. The IP sets out rights and obligations to the effect that neither side will pay, offer, demand or accept bribes, or collude with competitors to obtain a contract. In addition, bidders are required to disclose all commissions and similar expenses paid by them to anybody in connection with a contract. If violations occur, then sanctions will apply. Sanctions may include:

- Loss or denial of a contract;
- forfeiture of the bid or performance bond and liability for damages;
- exclusion from bidding on future contracts (debarment); and
- criminal or disciplinary action against employees of the government.

An integrity pact normally includes a monitoring system, which provides for independent oversight and increased government accountability of the public contracting process. The independent monitoring system aims to ensure that the pact is implemented and the obligations of the parties are fulfilled. The monitor performs functions such as:

- Overseeing corruption risks in the contracting process and the execution of work;
- offering guidance on possible preventive measures;
- responding to the concerns and/or complaints of bidders or interested external stakeholders; and
- informing the public about the contracting process's transparency and integrity (or lack thereof).²⁹

²⁸ <http://www.busa.org.za/docs/Gift%20Entertainment%20Guideline.pdf>

²⁹ http://www.transparency.org/global_priorities/public_contracting/integrity_pacts

12. Ethical leadership

Leaders in an organisation set the 'ethical tone'. Good and ethical leaders build, maintain and revise the **systems** that support ethics in the workplace. They have to be knowledgeable and experienced in order to make good decisions so as to create an ethical **culture** based on shared values. Very importantly, good leaders lead by **example**. Ethical leaders³⁰:

- Through their actions, promote an organisational culture that supports ethical conduct and rewards employees for acting in ways consistent with the organisation's values and ethical standards.
- Set high standards and communicate them loudly and repeatedly in public and private.
- Act swiftly and firmly when someone violates the standards.
- Insist on complete candour from those immediately reporting to you.
- Never shoot the messenger.
- Talk to a wide variety of employees at different levels and in different localities.
- Take responsibility, and are accessible and honest.
- Finally, put their money where their mouth is: they fund and support ethics initiatives.

12.1 Characteristics of Ethical Leaders

Ethical leaders:³¹

- Have strong personal **character** and robust **principles**, allowing them to define a path and lead others along it.
- Have a **passion to do right** - for their stakeholders and their employees - and begin with the right intention, although they may fail and make mistakes.
- Recognise that good ethics is good for **performance** and leads to a **healthy bottom line**.
- Are **proactive and courageous** - they make and shape policies.
- Consider the **interests of stakeholders**, build trust and profit from the loyalty inspired thereby.
- Are **positive role models** within and outside the workplace.
- **Walk the talk**: their actions match what they say about values, principles and ethics.
- **Act decisively**, also in times of **crisis**, by, for example:
 - acknowledging the crisis;
 - putting in place a plan to manage the crisis;
 - appointing or assigning people to implement the plan;
 - ensuring good communication with all stakeholders, including the media and public;
 - accepting responsibility if the organisation is at fault; and
 - promptly compensating injured parties.

³⁰ Ethics Institute of South Africa, www.ethicsa.org.za

³¹ Ferrell, Linda & Ferrell, O C: Ethical business. Dorfling Kindersley, 2009

12.2 Leadership support of ethics

Leaders can support ethics in the workplace by **consistently** using rewards for ethical behaviour and reprimands for ethical misconduct. Employees are more likely to engage in behaviour that earns them rewards and less likely to engage in behaviour that earns them reprimands. To **encourage** ethical behaviour, supportive leaders use:

- praise;
- recognition; and
- rewards, such as bonuses, salary increases, promotions and increased responsibility.

12.3 Stewardship and moral duties of leaders

A director or leader is ultimately a steward of a company. The ethics of governance requires that, in this stewardship role, each director be faithful to the four basic ethical values of good corporate governance:

Responsibility: The board should assume responsibility for the assets and actions of the company and be willing to take corrective actions to keep the company on its strategic path.

Accountability: The board should be able to justify its decisions and actions to shareholders and other stakeholders who require it to do so.

Fairness: In its decisions and actions, the board should ensure that it gives fair consideration to the interests of all stakeholders of the company.

Transparency: The board should disclose information in a manner that enables stakeholders to make an informed analysis of the company's performance.

In performing their stewardship role, leaders need to exercise the following five moral duties³²:

Conscience: A leader should act with intellectual honesty, in the best interest of the company and all its stakeholders. Conflicts of interest should be avoided. Independence of mind should prevail to ensure that the best interest of the company and its stakeholders is served.

Inclusivity: A leader should take the legitimate interests and expectations of stakeholders into account in his/her decision-making and strategy in order to ensure sustainability.

Competence: A leader should have the knowledge and skills required to govern a company effectively. This competence should be developed continuously. Willingness to be reviewed regularly is a prerequisite for ensuring competence.

Commitment: A leader should be diligent in performing his/her duties. Sufficient time should be devoted to company affairs. Effort needs to be put into ensuring company performance and conformance.

Courage: A leader should have not only the courage to take the risks associated with directing and controlling a successful and sustainable enterprise, but also the courage to act with integrity in all board decisions and activities.

³² King 3, www.iodsa.co.za



13. Conclusion

This guide attempts to demonstrate that ethical organisational practices have a positive impact on not only employee perception and behaviour, but also the long-term sustainability and profitability of organisations. A culture of integrity has to be established and actively enforced by adopting and implementing an ethics-management programme.

Leaders set the ethical tone in an organisation and lead by example. Their commitment to the highest standard of behaviour will ensure that the reputation of their organisation is protected and that trust and confidence is built.

Annexure A:

Template: Code of Ethics³⁴

CODE OF ETHICS

1. Preamble

WHEREAS, the upholding at all times of the highest ethical standards of conduct and professionalism by its employees is vital to the prosperity of the ORGANISATION and the achievement of its aims and objectives as a corporate entity;

AND WHEREAS such ethical conduct is also in the best interest of the welfare, health and happiness of all its employees and their dependants;

NOW, THEREFORE, the Board of Directors of the ORGANISATION has adopted this *Code of Ethics*, to be deemed applicable for strict adherence by all appointed employees as an enforceable part of their terms and conditions of employment with the ORGANISATION.

2. Fundamental principles and core values

The Code recognizes that in order for the employees of the ORGANISATION to aspire to the highest standards of professionalism in the performance of their duties, six fundamental principles and core values have to be met.

Law abidance

Law abidance means meticulously complying with all the laws of the nation, statutory and non-statutory, but particularly those which pertain to the employee's occupational domain.

Integrity

Integrity has reference to the fundamental interrelated qualities of honesty, truthfulness, objectivity and steadfastness which characterize a principled, dedicated citizen of our country.

Equity

Equity signifies that what is fair and right, it points to the characteristics of equitable conduct which involves being equal and fair, impartial and even-handed in one's dealings with others.

Respect

Respect refers to the level of regard, esteem and considerateness which people have and exhibit towards one another in their daily relationships, and in so doing, taking particular care to avoid any form of behavior which could be perceived as insulting, degrading, or offensive by a fellow human being of whatever background or social circumstances.

³³ Adapted from: Dr. JWF van Rooyen, Namibia Labour Lexicon, Vol.3. Namibia Institute for Democracy. Unpublished.

Diligence

Diligence entails being of an industrious nature, characterized by unrelenting striving for excellence, consistent attentiveness to duties, and care taken in faithfully promoting the best interests of the employer, people and organisations whom one serves, at all times.

Compatible interests

Compatible interests, the opposite of conflict of interests, means that no discrepancies may exist between an individual's official responsibilities and any kind of personal or external interests which could jeopardize his/her impartiality and integrity in performing those responsibilities. A conflict of interest would exist if an employee has some financial or other interest that might influence, or infringe upon, the way in which the employee performs his or her official duties. A conflict of interest also exists when an employee, possibly in association with a colleague, friend or family member, has a direct or indirect interest in, or derives benefits from, any transactions or actions taken in the course of executing such duties.

3. Rules of ethical conduct

The ORGANISATION acknowledges the importance of employees' contributions to its functioning and the impact that employees have on its corporate culture. Following the ethical principles outlined above, the Code encourages a work environment that makes the ORGANISATION a coveted place of employment.

The ORGANISATION expects that all employees will behave competently and with respect and consideration for others, including supervisors, peers, employees who report to them and clients while working towards fulfilling the mission and objectives of the employer.

Whilst acknowledging the maturity and professionalism of employees, the purpose of the Code of Ethics is to set clear behavioral parameters in order to preclude any potential misunderstanding which may arise in the course of work. The rules of ethical conduct following hereinafter, therefore, provide guidance on correct standards of behavior required from employees in performing their responsibilities.

3.1 Law Abidance

Employees are required always to work fully within the law. They are not exempted in any manner from the laws of Namibia in the performance of their duties or in undertaking any activities on behalf of the ORGANISATION.

It is acknowledged that respect for the law and system of government does not detract from the rights of employees to engage in free inquiry and active criticism on matters of public concern. However, the ORGANISATION will not condone any violation of the law or unethical behavior.

Relevant measures

Employees are expected to know and operate in accordance with the provisions of any laws applicable to their domain of work – as well as all policies, procedures and practices of the ORGANISATION pertaining to their employment;

Avoidance of dishonest behavior

Employees are warned against engaging in any form of dishonesty, deceit misrepresentation, criminal activity or illegal behavior either during or after working hours while employed by the ORGANISATION;

Official language

The official language in terms of the Namibian Constitution is English and all official communication shall therefore be in English. This shall, however, not preclude an employee from using any other language to clarify issues or to assist a client or customer who is not proficient in English.

Upholding the employer's good name

Employees are urged to ensure that their behavior cannot in any way be interpreted as contravening any laws and regulations that govern or affect the work of the ORGANISATION, and that their conduct will not in any manner compromise its good name and reputation.

3.2 Integrity

Employees are required to work with integrity. They are placed in a position of trust, and should maintain and enhance public confidence in the uprightness of the ORGANISATION and advance the employer's interests. Employees should not exercise their powers or position in an improper manner nor allow them to be misused by others. Employees must:

- be honest, impartial and conscientious in carrying out their duties;
- observe good faith procedural fairness in all decision making;
- utilize internal procedures in the first instance when pursuing issues that require resolution;
- not, except with the prior approval of their superior, issue any press statements, give interviews or submit articles or other material for publication concerning the activities and interests of the ORGANISATION;
- inform their manager of any improper offer of gift or benefit;
- report suspected fraud, corrupt conduct or related maladministration to the appropriate manager for escalation to their superior.

3.3 Equity

It is expected from employees to treat members of the public, customers or clients and other colleagues, irrespective of their position, honestly and fairly and with proper regard for their rights and obligations. Employees should always strive to:

- be fair and transparent when dealing with others or making decisions affecting them;
- treat all persons justly, irrespective of gender, race, ethnicity, disability, religion, marital status, sexual orientation, age, political conviction or any other grounds; and
- avoid patronage, favoritism or nepotism.

3.4 Respect

Employees are expected to be accessible and act responsively towards stakeholders in performing official duties. They are required to behave in a civil and dignified manner at all times, whether on or off duty. Employees should:

- be responsive and courteous when communicating and dealing with supervisors, peers, reporting employees, clients or visitors;
- protect the privacy of others and maintain appropriate confidentiality regarding personal- and business matters;
- employees shall not communicate to any person any information known to them through their work, which has not been made public, except in the course of their duty as duly authorized by their superior;
- deal with differing opinion by rational debate rather than by emotional outbursts, slander, coercion or any form of intimidating behavior;
- dress neatly and with decorum in accordance with the ORGANISATION's dress code;
- not engage in conduct which could be considered as bullying, such as behavior which is intimidating, insulting, offensive, degrading or humiliating to others;
- not harass others or discriminate against them or disregard internal policies and procedures; and
- generally, not behave in any manner, whatsoever, that may bring the organisation's good name into dispute.

3.5 Diligence

Employees are required to work with due diligence. They have an obligation to perform their responsibilities to the best of their ability at all times and to carry out duties in an efficient and proficient manner. While performing their duties they must exercise care in ensuring that resources are not wasted, abused, used improperly or extravagantly. Employees shall observe the following directives and principles:

Standards of excellence

Always seek to achieve high standards in administration, analysis, research, advice and service to customers or clients with due regard to official policies and procedure.

Optimizing resources

Ensure that resources are managed effectively, efficiently, are used for legitimate purposes only and are secured against theft or misuse. No employee may remove or make alterations to any property of the organisation unless formally authorized to do so.

Environmental sensitivity

Never utilize resources in a manner that may harm the community or the environment.

Attendance

Employees are expected to adhere strictly to the official hours of work. Any genuine problem which prevents an employee from reporting for duty must be conveyed immediately to such employee's supervisor.

Overtime

Employees may not enter or remain in work areas at times other than official working hours, or perform remunerated overtime workout, without prior authorization.

Health and Safety

Employees must actively consider the health and safety of themselves and others whilst carrying out their duties.

Smoking restrictions

Designated outside areas have been assigned for smokers. Employees as well as customers and clients are obliged to comply with no-smoking signs. No smoking is permitted in the presence of non-smoking clients or employees, nor are employees permitted to leave their work stations during working hours simply for the purpose of smoking.

Substance abuse

No employee shall allow alcohol or narcotic drugs to affect the quality of his or her work performance – the use of such substances, or being under their influence, whilst on duty must be rigorously avoided.

Telephones, facsimiles, computer and vehicles

Employees must ensure that private telephone calls, facsimiles and e-mails are kept to a minimum, remain as brief as possible, and are duly refunded – computer facilities and official transport are to be utilized exclusively for the ORGANISATION's purposes.

Private visits

Employees must endeavor to keep private visits from persons during working hours to a minimum and restricted to designated areas – no private visits are permitted at working stations.

Rumor-mongering

Every employee has a duty to fastidiously refrain from spreading rumors, gossip and own opinions which may harm the image and good reputation of the ORGANISATION, its customers or its employees.

3.6 Compatible Interests

Employees are expected to perform their duties conscientiously, transparently and in accordance with the best interests of the ORGANISATION. A conflict of interest is a distraction, involving an incongruity, or a clash, between own interests and those of the employer, that would interfere with the employee's independent judgment in the ORGANISATION's best interest. Employees will therefore not carry on business of their own nor have any other potentially conflicting interests without full disclosure to their superior.

If an employee is of the opinion that any personal circumstance or activity in which he/she is involved may constitute a conflict of interest with the Organisation, it should immediately be brought to the attention of that employee's immediate manager. Any conflict that may arise between an employee's personal interest and official duties must be resolved in favor of the ORGANISATION's interest.

Declaration of interests

It shall be expected of employees to declare real or potential conflicts of interest between their private and/or financial interests and their office responsibilities. It is also required that employees declare their relationship when participating in decisions affecting another person with whom they have a personal relationship.

Gifts, hospitality and favors

Conflicts of interests can arise when employees are offered gifts, hospitality or other favors that may or could be perceived to influence their judgment in relation to the performance of their duties. Employees may under no circumstances accept gifts that can be regarded as bribes e.g. valuable gifts, any sum of money, airline tickets, etc. Any gift that has the potential to affect that employee's future objectivity or places that employee under any obligation is not acceptable. Cash gifts may not be accepted under any circumstances. Any offer of this kind must be declined politely or be returned to the sender immediately if it is delivered without prior notice. The onus is on the employee to seek clarification from his/her senior in the event of uncertainty. Accepting small gifts such as promotional items, Organization pens or items of limited value would not be regarded as breaching this Code.

Outside activities, employment and directorships

We all have a responsibility to contribute to our local communities and the Organisation encourages employees to take part in religious, charitable, educational, cultural, etc. activities. Employees should, however, avoid taking part in any activity which would constitute an unreasonable demand upon their time, attention and energy and which would hinder their best efforts on the job. Valid participation in the activities of a registered trade union or employer's organization would, not constitute a conflict of interest. Employees must obtain prior written permission from the ORGANISATION to hold an interest in any business undertaking including any part-time or temporary employment. Employees must equally obtain prior approval before accepting any appointments as Director of a public or private organization.

Remuneration

No employee may accept commissions or other payment related to any service rendered, except as specified in the employee's terms and conditions of employment.

Personal finances

Employees must take care in the handling of personal financial affairs and not enter into financial transactions or sign sureties that may cause them financial embarrassment, put the under financial strain and potentially bring the name of the ORGANISATION into disrepute.

4. Contravention of the code of ethics

Employees whose conduct in any matter deviates, or falls short of the standards outlined in the Code, will be carefully counseled to remedy the shortcoming forthwith. Significant departures from the standards of the Code, as well as failure to respond positively to counseling for lesser deviations, will be dealt with as misconduct on the part of the employee. The ORGANISATION will discipline such employee in accordance with its internal disciplinary policy and procedure.

Depending on the nature of the contravention such disciplinary action may lead to summary dismissal. Where the transgression entails any possible criminal liability by any party, whether in the employ of the ORGANISATION or not, the matter will, in addition, be referred to the Namibian Police by the ORGANISATION who will prefer criminal charges against the offender/s. Depending on the nature of an offence civil proceedings may also be instituted.

Investigations into suspected or possible breaking of the rules of the Code of Ethics must be kept confidential. If an employee becomes aware or suspects that someone has, or may have, contravened the Code, this information should be reported immediately to his/her senior, preferably in writing and in a confidential manner. The employee should not confront the individual concerned to ensure confidentiality and for the matter to be investigated objectively. All information received in this regard, even if anonymously, should be reported to management as well as to the Board.

This Code of Ethics, its principles and rules as set out above, are applicable to all employees of the ORGANISATION whether permanent, temporary, on probation or part-time and irrespective of position or seniority. All employees are required to acknowledge receipt of a copy of the Code of Ethics as per the confirmation from annexed hereto.

ACKNOWLEDGEMENT OF RECEIPT OF THE CODE OF ETHICS

I (full name of employee)

confirm that I have received my personal copy of the Code of Ethics and that I have familiarized myself with the contents thereof, which I fully understand, and undertake to uphold to the best of my abilities whilst in the employ of the ORGANISATION.

Signed aton this day of20.....

As Witness

Employee.....

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



Embassy of Finland

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