THE USEFULNESS OF CORPORATE ETHICS PROGRAMMES IN INTEGRATING ETHICS INTO AN ORGANISATION’S CULTURE

BY

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ABSTRACT

This research project examined how useful the components (code of ethics, ethics training, rewarding and disciplining employees) of corporate ethics programmes are in integrating ethics into an organisation’s culture. Ethical standards need to be effectively communicated to employees to integrate ethics into their organisation’s culture. In this regard the communication channels used to inform employees about ethics also play a role and are examined as well. The components and communication channels were analysed and contextualised in terms of a literature review to enable a point of reference and comparison of all the above mentioned aspects after the empirical data was collected.

It was decided that quantitative data collection was best suited to this study. An e-survey was executed amongst 483 member organisations of the Rosebank Business Association and the Avondale Business Association in Auckland in the last quarter of 2007. The e-survey was distributed to employees in management positions to capture information regarding corporate ethics programmes and communication channels. A total of 61 useable responses were received, which gave a response rate of 12.63%.

After an analysis of the findings the researcher concluded that without the support of senior executives, corporate ethics programmes will be ineffective in integrating ethics into an organisations culture. The findings of the study further revealed that a code of ethics, ethical training, disciplining employees and rewarding employees are useful in integrating ethics into an organisation’s culture. It was also concluded that the direct physical communication channel is the most useful for informing employees about ethics. The main recommendation concerning the Rosebank and Avondale Business Associations is that senior executives should continue to set the example regarding ethical behaviour. Furthermore large and medium size organisations should continue to inform employees about ethics by making use of the Intranet in particular.

More research is needed regarding specific components of corporate ethics programmes, as it is unclear whether, amongst others, the penalty or disciplinary approach are most useful in integrating ethics into an organisation’s culture.
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Finally I wish to thank my partner Adam for his understanding, positive attitude and ability to make all computer-related challenges disappear - you amaze me over and over again.

Deo gratias.
DEDICATION

This dissertation is dedicated to my father Prof Pieter Nel and my mother, Elize Nel, who are my mentors in life. It gives me great pleasure to make you proud of me.
Declaration

Name of candidate: Liza Nel

This dissertation is submitted in partial fulfilment for the requirements for the Unitec degree of Master of International Communication.

CANDIDATE’S DECLARATION

I confirm that:

- This dissertation represents my own work.
- The contribution of supervision and other to this work was consistent with the Unitec Regulations and Policies.
- Research for this work has been conducted in accordance with the Unitec Research Ethics Committee Policy and Procedure, and has fulfilled any requirements set for this project by the Unitec Research Ethics Committee.

Research Ethics Committee Approval Number: 2007.743.

Candidate Signature: Date:

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ABBREVIATIONS

ABA: Avondale Business Association
QS: Questionnaire Statement
RBA: Rosebank Business Association
CHAPTER 1

OVERVIEW

1.1 Introduction

Recent corporate scandals, like WorldCom, Enron, J.P. Morgan, Citygroup, ICN Pharmaceuticals and a continuing series of corporate mishaps, have given rise to a worldwide growing interest in business ethics. Organisations consequently focus more on ethical considerations than before when conducting business so as to avoid this type of scandal that has tarnished so many reputations (Härtel, Fujimoto, Strybosch & Fitzpatrick, 2007).

Exhibiting an ethical culture is seen to be important for organisations as researchers have found a direct relationship between ethical behaviour and corporate culture (Jose & Thibodeaux, 1999). Processes to integrate ethics into an organisation’s culture have also been researched and established over time. Various components which focus on the integration of ethics into an organisation’s culture have been researched. Examples are codes of ethics, employee ethical training and organisational enforcement mechanisms (Weber, 1993). These components are discussed in more detail in subsequent chapters of this dissertation.

Stevens (1999) and Trevino and Nelson (2007) explain that ethical standards need to be effectively communicated to employees in order to integrate ethics into an organisation’s culture. They also outlined that ethics messages should be communicated in ways that employees will find meaningful and useful. The success of a message thus depends on selecting the most appropriate channel of communication (Schmidt & Gardner, 1995). Consequently the usefulness of communication channels used to inform employees about ethics are also focused on in subsequent chapters of this dissertation.
1.2 Research purpose

Global organisations operate in a variety of countries, including those where bribery, sexual harassment and a variety of other issues which are not viewed as illegal or even unethical exist (McDonald, 2004). Organisations are consequently destined to struggle to maintain ethical standards in these environments (Vickers, 2005). If an organisation is known to be unethical it will have a bad reputation which could lead to less foreign and internal investment into the organisation and limit its success as well (Mey, 2004; Zekos, 2004). It is therefore obvious that organisations worldwide, and in New Zealand, ought to operate ethically and have a good reputation should they want to reap positive benefits from their endeavours.

The purpose of this study is therefore to determine the usefulness of the components of corporate ethics programmes used to assist with the integration of ethics into an organisation’s culture. Organisations will be able to determine whether training programmes could assist them to integrate ethics into their organisation. Examination of the communication channels that an organisation uses to inform employees about ethical issues should also be useful in choosing the most appropriate communication channels.

1.3 Research statement

Reviewing the literature on this subject, surveying the Rosebank and Avondale Business Associations to capture their views regarding corporate ethics programmes and analysing key themes from the survey data obtained, should enable this researcher to answer the following research question:

How useful are the components (code of ethics, employee ethics training and enforcement mechanisms) of corporate ethics programmes in integrating ethics into an organisation’s culture?

The following sub-questions were asked to obtain a better understanding of the components of corporate ethics programmes and communication channels to provide the focus for the study:
Which components of corporate ethics programmes are the most useful to integrate ethics into an organisation’s culture?

Do different industries view the components of corporate ethics programmes as similarly important in integrating ethics into an organisation’s culture?

Do different sized organisations view the components of corporate ethics programmes as similarly important in integrating ethics into an organisation’s culture?

Do different industries find certain communication channels as more useful than other channels when informing employees about ethical information?

Do different sized organisations find certain communication channels as more useful than other channels when informing employees about ethical information?

The literature review and the results of the empirical survey ought to provide answers to the research questions. The empirical survey was executed between October and November 2007 and involved an e-survey which was distributed to members of the abovementioned business associations.

1.4 Dissertation outline

This dissertation is divided into six chapters. Chapter 1 provides an overview of the research project. It also covers the purpose of the project and the research statement. Chapter 2 provides a literature review where theory and approaches that are relevant to the topic are examined. Chapter 3 presents the research methodology and design approach which was decided upon. Furthermore, the justification for the data collection methods, actual data collection via an e-survey, data analysis and limitations are also discussed in this chapter. Chapter 4 presents the findings and results of the questionnaire.
Chapter 5 focus on the findings as it relates to the literature review, which are then analysed.

Chapter 6 includes conclusions and recommendations as well as topics for further research.
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The main focus of this dissertation is to determine how useful the components (code of ethics, ethics training and enforcement mechanisms) of corporate ethics programmes are to integrate ethics successfully into an organisation’s culture. This literature review focuses on providing a basis for understanding business ethics. Corporate ethics programmes and organisational culture are also discussed. Because ethical standards need to be effectively communicated to employees, in order to integrate ethics into the organisational culture, the usefulness of communication channels is also examined.

2.2 Understanding ethics

In the search for an appropriate definition of ethics, it became clear that some philosophers use the term ‘ethics’ and ‘morality’ interchangeably (Harrison, 2005). However, other scholars make a distinction between ethics and morals, drawing partly on the origins of each term. Ethics is derived from the Greek terms ‘ethos’ and ‘ethikos’, which refer to ‘usage’ or ‘character’ or ‘custom’ whereas moral comes from the Latin term ‘moris’ or ‘mos’, which refers to ‘way of life’ or ‘conduct’ (Boatright, 2007; Johnson, 2007; Wiley, 1995). McDonald (2004) states that “ethics examines whether something is good or bad” (p.2).

Conversely, morality, according to McDonald (2004) relates to the customs that a society accepts as being wrong or right. Boatright (2007) supports this and explains that morality is “… used to describe a sociological phenomenon, namely the existence in a society of rules and standards of conduct” (p.22). De George (2006) agrees and defines morality as “a term used to cover those practices and activities that are considered importantly right and wrong; rules that govern those activities and the values that are embedded, fostered or pursued by those activities and practices”
Morals thus describe culturally transmitted standards of wrong and right. It is difficult to maintain this distinction as morality and ethics both involve decisions about wrong and right (Johnson, 2007).

De George (2006) contends that in a general sense “ethics is a systematic attempt to make sense of our individual and social moral experience, in such a way as to determine the rules that ought to govern human conduct, the values worth pursuing and the character traits deserving development in life” (p.20). Ethics is briefly defined by Jones, George and Hill (2000) as “moral principles or beliefs about what is right or wrong” (p.149). Beliefs guide individuals when they are dealing with other groups and individuals and provide the foundation for deciding whether behaviour is proper. Ethics thus assist people in determining moral responses to situations where the best action is unclear. Trevino and Nelson (2007) explain that ethics is therefore concerned with the standards of conduct, norms and principles that governing a group or individual.

For centuries philosophers have debated the particular criteria which should be used when determining whether decisions are unethical or ethical. The three main models, which determine whether a decision is ethical, are as follows: The utilitarian model, the moral rights model and the justice model. Jones et al. (2000) explain that each model offers a different way of determining whether behaviour is ethical or not. However, they argue that all three models should be used when determining the ethics of a particular action.

The utilitarian theory evaluates behaviour based on consequences to those involved. Shockley-Zalabak (2002) explains that an ethical decision is seen as a decision which is the best for the greatest number of people. This is confirmed by Wiley (1995) who explains that the utilitarian model can be classified as a teleological approach as it focuses on outcomes of behaviour.

Jones et al. (2000) as well as Wiley (1995) explain that the moral rights theory emphasises that individuals have privileges and rights and that these rights have to be respected in all situations. An ethical decision would protect people’s privacy and freedom of speech. Shockley-Zalabak (2002) further explains that unlike utilitarian
theory, the theory of rights is clearer as it is not necessary to weigh the effects a
decision would have on the majority. According to the rights theory an action is not
ethical if rights are being violated.

The justice theory emphasises equity or balance. It requires all decision makers to be
guided by impartiality, fairness and equity if their actions are to be considered ethical.
However, this can be challenging as some situations are less clear than others
(Shockley-Zalabak, 2002; Wiley, 1995). Ethics is thus concerned with responsibility,
moral obligation and social justice. Wiley (1995) explains further that “most
individuals are guided by one of these models in making decisions, with the utilitarian
philosophy being dominant among business managers” (p.22). The utilitarian theory
therefore seems to be the dominant model which is used in business to determine
whether a decision is unethical or ethical.

Wiley (1995) explains that these three perspectives reflect what we (society) agree on
as wrong and right. They are thus a product of our (societal) cultural values. Other
cultures could thus have different values which define what actions are morally
acceptable. Ethics “is thus not a concrete science. Even in our own culture, solutions
to moral dilemmas are not always clear” (Shockley-Zalabak, 2002, p.439). This view
represents a challenge to research ethics. Consequently the researcher can only
attempt to research corporate ethics programmes to determine how useful the
components are in integrating ethics successfully into an organisation’s culture.

Moreover, other models could be added to the philosophies already discussed.
Among them are universalism (which is the work of Immanuel Kant) and the Golden
Rule. Wiley (1995) states that “universalism falls under deontological theory, which
posits that certain acts can be judged inherently right or wrong without reference to
their specific consequences” (p.23). Actions that are in accord with rules that could
be universalised are ethical and that such actions can only be ethical if done in
obedience to those rules. Wiley (1995) also explains that the basic principle of the
golden rule is “that one should treat others in the same way as he or she would desire
to be treated” (p.24).
2.2.1 Understanding business ethics

Barkhysen and Rossouw (2000) state that “business ethics studies the ethical dimensions of economic activity as it is being manifested on three different levels” (p.230). These levels of inquiry (micro, meso, and macro) into business ethics relate to the multi-faceted and multi-disciplinary nature of business ethics. The levels of inquiry are as follows: The micro-level (work and ethics) focuses on the ethics of businesspersons in an organisation. Rossouw and Van Vuuren (2006) also explain that the focus is on the decisions and economic actions of individuals within an organisation. This level entails the ethical element of intra-organisational behaviour.

The meso-level (business and society) “describes relations between economic organisations and others” (Rossouw & Van Vuuren, 2006, p.2). Interactions can be between, for example, businesses and the state or private individuals. This level thus focuses on the relationship between economic organisations and those with whom they interact (Rossouw, 2001).

The macro dimension (economics and ethics) “is the economic system or the wider policy framework within which economic exchange occurs” (Rossouw & Van Vuuren, 2006, p.2). This framework therefore refers to the patterns of political, social and economic powers which shape organisations. When these levels of inquiry to business ethics are understood “it is evident that what is being studied in business ethics is the impact and implications of economic activity on the interests of all who are affected by it” (Rossouw, 2001, p.259).

For the purpose of this study the focus is on the micro-level (work and ethics) of business ethics. The investigation concentrates on the ethics of individual employees in organisations.

Barkhysen and Rossouw (2000) state that “when it comes to the ways in which the ethical dimensions of these various levels of economic activity can be studied, once more three different modes of study or inquiry can be distinguished” (p.230). These three related modes of ethical study are known as descriptive ethics, normative ethics and meta-ethics.
The objective of the descriptive approach to business ethics is to provide a truthful description of the ethical dimension of business (De George, 2006; Rossouw & Van Vuuren, 2006). Desjardins and McCall (1996) support this and state that “as a form of descriptive ethics, business ethics refers to the actual customs, attitudes, values, and morals that operate within business” (p.4). Descriptive ethics thus involve an empirical investigation into the actual standards or rules of a certain group (Boatright, 2007). Studies based within this approach identify, for example, the decision making strategies managers use when faced with moral choices or the process of how people develop ethical standards or values (Rossouw & Van Vuuren, 2006).

Barkhysen and Rossouw (2000) as well as De George (2006) explain that the normative approach makes judgements or prescriptions about the ideals and ethical values that ought to guide economic activity. Conversely to the descriptive approach “in this approach values are taken as the domain of study” (Barkhysen & Rossouw, 2000, p.263). It is thus often seen as highly speculative as it is interested only in what we should value and believe (Boatright, 2007; Desjardins & McCall, 1996).

Meta-ethics is also referred to as analytical ethics as it is concerned with analysis (De George, 1995). In the meta-ethical approach “the focus of the study is rather about questions in ethics than on ethical issues themselves” (Barkhysen & Rossouw, 2000, p.231). It asks, for example, what the terms bad and good mean in a moral sense (De George, 1995). Central concepts which relate to ethical issues in organisations are thus explored and clarified by this approach.

For the purpose of this study the focus is on descriptive ethics. This implies that explanations and descriptions are made of the state of ethical affairs. This is useful as the information received should enable business practitioners to manage these affairs. The information received regarding the usefulness of corporate ethics programmes should thus assist managers to successfully integrate ethics into their organisation’s culture.

After reviewing the different forms of business ethics it is clear that it is challenging to find a definition which includes all the concepts of business ethics. However, more than twenty two years ago Lewis (1985) already pointed out that defining business
ethics is like ‘trying to nail jello to a wall.’ He argued that it is impossible to incorporate every concept about business ethics (rules, standards, moral principles, telling the truth, honesty, fairness, social responsibility, right and wrong) in a definition. In an attempt to find a synthesis of various definitions Cowton and Crisp (1998) explain that business ethics “refer to the ethical outlook, whether implied by behaviour or explicitly stated, of a company or individual engaged in business” (p.9). In a second sense business ethics is perceived by the immediate previously mentioned authors as being that set of reasons or principles which should govern the way of business, whether at the collective or individual level.

Rose and Richard (1995) define business ethics “as the application of ordinary ethical or moral principles of human action in a business operating in a free or mixed market economy” (p.29). It is apparent that most of the aforementioned descriptions regarding business ethics do not make provision for all the types of ethical approaches (descriptive, normative and meta-ethics). It appears that most are of a normative or descriptive nature. Also, no definition included all three levels of ethical inquiry (micro, meso and macro). Because the researcher is collecting literature that is most relevant to the study being conducted (organisational setting) the focus is mainly on descriptive and normative ethics and the micro level. As a result meta-ethics and meso and macro levels of ethical inquiry could be absent from the current study.

Although there will undoubtedly be disagreements about what ethical business activity comprises, it is possible to offer a fairly uncontroversial definition on the subject of business ethics. For the purpose of this study the following definition is therefore used as the point of departure. Business ethics is “the study of business situations, activities, and decisions where issues of right and wrong are addressed” (Crane & Matten, 2007, p.5).

2.3 Corporate ethics programmes

When one reviews the literature it becomes clear that several categories of corporate employees are involved in formulating and managing programmes relating to ethics. Dowling and Welch (2004) argue that Human Resources have a role to play in the formulation, monitoring, communication and enforcement of an organisation’s ethics
programme. Erasmus and Wordsworth (2004) agree and make it clear that Human Resources in organisations draw up the blueprint for ethical codes and standards of behaviour for employees. However, Weaver and Trevino (2001) explain that Human Resources employees are only one of several categories of corporate employees who could be involved in programmes relating to ethics. Brenner (1992) and Paliwoda (2005) agree and argue that management could create and manage corporate ethics programmes. According to Pomeroy (2007) and Wiest (2007) the board of directors and executive management could also be involved.

Sixteen years ago Brenner (1992) already pointed out that, whether organisations know it or not, all of them have corporate ethics programmes. Furthermore he states that “a corporate ethics programme is made up of values, policies and activities which impact on the propriety of organisational behaviour” (p.393). These programmes are often referred to as shared values programmes, ethics programmes, responsible conduct programmes or corporate values programmes (Weaver & Trevino, 1999). However, the broad umbrella term ‘corporate ethics programme’ is used to refer to all such programmes in this dissertation.

Brenner (1992) explains that corporate ethics programmes consist of both implicit and explicit components. Some authors (Jose & Thibodeaux, 1999; Trevino & Nelson 2007) agree with Brenner (1992) that implicit parts of a corporate ethics programme include: management behaviour, incentive systems, the corporate culture, promotional policies, valued behaviours and performance measurement systems. Explicit parts of a corporate ethics programme include: employee training material, internal control systems, management ethics decisions, ethics staff activities, committee activities and board of director decisions, codes of ethics, policy manuals, ethics offices, ombudspersons, hotlines, newsletters, value or mission statements, ethics seminars, employee orientation programmes and management speeches. Brenner (1992) also makes it clear that various organisations do not possess identical corporate ethics programmes as each programme has its own combination of elements. Trevino, Weaver, Gibson and Toffler (1999) agree, but point out that organisations have different corporate ethics programmes as they are influenced by the organisation’s characteristics, such as culture, product and industry.
Weber (1993) presents a multi-component model, which represents the most recommended and common attempts to integrate business ethics into an organisation. The term component refers to the specific organisational efforts which are embodied in a complex and larger system for implementing ethics into the daily decisions of an organisation’s employees. According to Weber (1993) the following components influence ethical behaviour: organisational ethical culture, code of ethics, employee ethics training and enforcement mechanisms (discipline employees for unethical conduct and reward employees for ethical conduct). This model makes it possible to identify the existence and linkages between the components. However, for the purpose of this literature review the model is used to identify the most common attempts to integrate ethics into an organisation’s culture.

Weber (1993) explains that an ethical culture is embodied in an organisation’s ethical policy statement (code of ethics) and in the organisational influences upon employee ethical behaviour and decision-making (employee ethics training and organisational enforcement mechanisms). Schultz, Bagraim, Potgieter, Viedge and Werner (2003) and Trevino and Nelson (2007) agree that in order to integrate ethics into an organisation’s culture an organisation needs to reinforce it through a code of ethics, employee ethics training and organisational enforcement mechanisms.

The literature primarily suggests that ethical leadership plays an important role with regard to the effectiveness of ethics programmes (Schultz et al., 2003; Weaver, Trevino & Cochran, 1999). Martens and Day (1999) state, “the CEO in particular must take a highly visible leadership role in promoting the corporate ethics programmes. Without a visible commitment by the CEO, the programme may lack credibility among employees, particularly among the senior management team itself” (p.165). Jose and Thibodeaux (1999) also found that leadership and top management support are more effective than, for example, ethics newsletters when integrating ethics into organisations.

Weaver and Trevino (2001) explain that if leaders do not hold the same standards as others in the organisation, perceptions of unfairness could develop. This is because expectations are imposed on employees that are not supported by some parts of the organisation’s executive leadership. Trevino et al. (1999) point out that fair treatment
of employees is related to ethics-related outcomes as most employees understand ethics to mean how they and their co-workers are treated by the organisation. Should employees feel that they have been treated unfairly, they could engage in unethical behaviour in order to balance the scale of justice. Fair treatment is therefore vital. Trevino et al. (1999) found a strong correlation between fair treatment and employee commitment. They argue that it is important to integrate corporate ethics programmes with other aspects of the ethical culture such as leader behaviour, decision making processes, performance appraisals and reward systems for them to be successful.

2.4 Organisational culture

Culture could be seen as the rites and rituals of an organisation or as the informal behaviour within an organisation (Want, 2006). It is often referred to as “how things are done in a corporation” (Huq, Huq & Cutright, 2006, p.214) or as “the norms, values and behaviour that are shared by a group of employees” (Wilson, 2001, p.356) or as something which is “embedded in and expressed by habits of communication” (Cheney, Christensen, Zorn & Ganesh, 2004, p.75). Organisational culture “forms the glue that holds the organisation together and stimulates employees to commit to the organisation and to perform” (Van den Berg & Wilderom, 2004, p.572). According to Sims (1991) “the culture is the organisation” (p.502).

It is important to have an ethical culture as researchers have found that there is a direct relationship between ethical behaviour and corporate culture (Jose & Thibodeaux, 1999). Wiley (1995) supports this and states, “ethical business practices stem from ethical corporate cultures” (p.22). It can, however, be a challenge to change or influence the culture of an organisation. A study done by Smith (2003) summarises 59 organisations’ efforts to change the culture of their organisation. They found that the success rate of cultural change was low: only 19 percent of the culture change efforts surveyed attained near breakthrough or breakthrough success. Failure correlates most strongly with missing or ineffective leadership and the clash with the existing culture. Clark (2003) supports this and explains that it is necessary for top management to speak and behave ethically in order to build an ethical culture.
Harrington (1991) postulates that in order to establish an ethical culture it is necessary for managers to “integrate ethical decision making into the day to day life of the firm” (p.28). Paliwoda (2005) agrees and emphasises that this is important as ethics policy is meaningless if it is not implemented daily and states, “the process of repeatedly discussing, debating, and practise decision-making methods is the essence of creating an organisational culture that is ethically knowledgeable and sound” (p.24). Sims (1991) agrees and explains that this process is essential, as the organisational culture needs to be developed in order to integrate ethical principles within an organisation for the long-term.

Many authors (Harrington, 1991; Wilson, 2001) have pointed out that an ethical corporate culture is important as it is related to strategic advantage. Harrington (1991) states that “a strong corporate culture and ethics are strategic for survival and profitability in a highly competitive era” (p.21). He goes on to explain that ethical questions are involved in numerous strategic decisions, for instance services, product development, investment in human resources and marketing. Strategic issues are often opportunities and/or threats that could significantly affect an organisation’s performance which is characterised by complexity, speed and novelty. Such opportunities and threats could thus involve a large ethical component. The ethical component of decision making is causing executives to integrate ethics into their organisation’s strategic decision-making and corporate culture.

### 2.4.1 Code of ethics

Studies executed by Barrile (2002), Maheshwari and Ganesh (2006) and Trevino and Nelson (2007) suggest that the first step in creating an ethical culture is to develop a code of ethics. Maheshwari and Ganesh (2006) state “codes of ethics contribute significantly towards institutionalising ethics in organisations” (p.81). An organisation’s code of ethics is a distinct and written expression of its values and ethical norms (Schwartz, 2001; Valentine & Barnett, 2003). Boatright (2007) explains that these values and ethical principles guide action within an organisation. Trevino and Nelson (2007) agree and explain that formal codes of ethics provide guidance about behaviour in specific areas, such as respect, harassment, conflicts of
interest, discrimination, appropriateness of giving and receiving gifts, customer confidence issues and the use of corporate resources.

It has been argued that a formal code of ethics could lead to more positive perceptions of the organisation’s ethical values, which could lead to higher levels of ethical behaviour among employees (Trevino et al., 1999). Adams, Tashchian and Shore (2001) found that the presence of a code is an indication that management places value on ethical behaviour and consequently employees are encouraged to behave ethically. Somers (2001) agrees and states “from a conceptual standpoint corporate codes of ethics are thought to highlight an organisation’s commitment to promoting ethical behaviour, thereby acting as part of a socialisation process designed to ensure high standards of behaviour” (p.187). Codes of ethics have thus become prevalent, as it is believed that they can lead to higher levels of ethical behaviour among employees (Trevino, Butterfield & McCabe, 1998; Wood, Svensson, Singh, Carasco & Callaghan, 2004).

However, empirical data on how codes of ethics influence behaviour are both mixed and limited. Some studies have found that a code of ethics makes little or no difference to employees’ behaviour and attitudes. For this reason many organisations dispute the need for a code as they believe that they are ethical without one (Michael, 2006). Schwartz (2001) reviewed seventeen ethics code studies and found that the ethics code was revealed to be ineffective in nine and effective in eight. Somers (2001) and Valentine and Barnett (2003) argue that one explanation for the inconsistent findings is that employees might not be aware of the code of ethics in their organisation and that it consequently does not influence their attitudes, perceptions and behaviour. This is supported by Somers (2001) who found in his study that 42 percent of the participants that were studied were ‘not sure’ whether their organisation had actually adopted a code of ethics or not. Unawareness of the code of ethics may thus be seen as an indication that management does not consider ethics as being important and as a result employees are not encouraged and supported to behave ethically (Adams et al., 2001). Maheshwari and Ganesh (2006) argue that it has been empirically proven that “the perceived usefulness of the codes of ethics is positively related to the degree of familiarity with the code” (p.81). They argue that
familiarising employees with ethical codes helps to create awareness of ethical issues and consequently minimise uncertainty in decision-making situations.

This means that organisations need to adequately communicate their formal code of ethics to employees, otherwise many of them will not be aware of its existence or content and it would be unable to influence their behaviour (DeConinck, 2003; Valentine & Barnett, 2003). Stevens (1999) agrees and explains that just having a code of ethics is insufficient to discourage unethical behaviour as “a code uncommunicated is tantamount to no code at all” (Kidder, 2004, p.81). Williams (2002) supports this and states that “a code of ethics is not meant to sit on the shelf and gather dust” (p.48). An organisation that wants to pursue a better ethical culture needs to bring its code of ethics to life (Wood & Callaghan, 2003). This is supported by Trevino and Nelson (2007) who found that failure to enforce the code and to distribute the code widely throughout the organisation “may heighten perceptions of misalignment between words and deeds” (p.215). Trevino and Nelson (2007) and Rossouw (1997) argue that unless ethical codes are supported by training and effective communication, as well as by constant enforcement and reinforcement, ethical codes are just words on paper. Ethics messages should be communicated in orientation programmes, Intranets, annual reports, newsletters, booklets, staff meetings, training sessions and in short brochures that emphasize the most important rules (Brenner, 1992; Trevino & Nelson, 2007). Huq et al. (2006) agree and state that effective communication is necessary, as it will dispel confusion.

Pepper (1995) also makes it plain that a code will be of limited value if it is not written with recognition of what ethical environment is desired and what the current ethical situation is. A code should therefore be constantly updated. Gebler (2006) supports this and says that an organisation will only move toward an ethical culture “if it understands the full range of values and behaviours needed to meet its ethical goals” (p.31). Schwartz (2001) has a similar viewpoint and argues that code reinforcement and training might also have to be adjusted if a different use or perception of the code is desired. Managers may be under the impression that their organisation’s code acts in one manner (for example, to lead employees to consult corporate policies or other individuals to determine whether certain behaviour is appropriate) when in fact employees perceive the code differently (for example, that
the code only acts to clarify the expected behaviour of employees). However, Johnson (2001) argues that codes of ethics have many problems; codes could, for example, be too vague to be useful or might be hard to apply across different situations and cultures. Schultz et al. (2003) argue that a code of ethics should be developed for all relevant parties, such as managers, employee groups, Human Resources managers and salespeople. However, Kaptein (2002) states “regardless of how well a code is embedded, the possibility of unethical conduct remains. Only in an ideal world unethical behaviour does not exist” (p.217).

2.4.2 Employee ethics training

Barrile (2002) and Schultz et al. (2003) suggest that ethics training is necessary in order to integrate ethical decision making into the organisational culture. Jose and Thibodeaux (1999) explain that the major topics covered by ethics training are in the areas of personal conduct, use of official information, public comment, conflict of interest and responsibility to people in authority. Consequently, ethics training is a valuable tool as it is used to raise the ethical consciousness of employees. Wood and Callaghan (2003) and Wood et al. (2004) emphasize that employees cannot be expected to act in accordance with ethical policies if the organisation does not support critical areas such as education. It was found by Trevino and Nelson (2007) that when an organisation provides ethics training to employees they communicate indirectly that ethical behaviour is valued and that ethics should be considered in decision making. Training is therefore regarded as one of the supporting procedures to ensure that employees attain the behaviours expected of them. Many scholars perceive training as beneficial in several ways, for example that training raises awareness that corporate ethics are very important culturally and strategically and that it draws attention to the potential ethical issues that employees might be exposed to (Harrington, 1991). Training also makes corporate values more visible and the supporting processes, such as reporting hotlines and an ethics office, encourage people to learn to think about the consequences of their actions (Barrile, 2002; Salopek, 2001). Training consequently facilitates ethical decisions as people have the tools to make better judgements (Trevino & Nelson, 2007).
Salopek (2001) and Sims (1991) believe that it is not an organisation’s task to tell people what their values should be as they have their own values when they enter the workplace. Jose and Thibodeaux (1999) agree and found in their study that managers were sceptical whether ethics could be integrated into organisations as they argued that employees’ values are learned at home and are sometimes difficult to change. Salopek (2001) also agrees and makes it clear that an organisation cannot train an employee to be ethical when their values contradict those of the organisation. He also argues that it is an organisation’s responsibility to set behavioural standards and to teach employees what the standards are.

According to Sims (1991) organisations should select the ‘right kind’ of individuals. The ‘right kind’ of individuals refer to those individuals whose beliefs and values are consistent with those of the organisation. Salopek (2001) supports this and states “there must be a high degree of overlap and consistency between individual and corporate values” (p.42). Weaver and Trevino (2001) explain that “the selection process should contribute to a workforce that values ethical behaviour” (p.122). If a corporate ethics programme is to be integrated into an organisation, the selection process should attract people who are committed to pursuing fairness when dealing with others, outside and inside the organisation and who are comfortable when discussing ethical issues in the work environment. Organisations must make use of methods to assess person/organisational fit regarding values. Trevino and Nelson (2007) are of the opinion that if organisations want to attract people who share the organisational ethical values, these should be included in recruitment material.

Much of the research suggests that the recipients of ethics training are mainly managers. Harrington (1991), for example, argues that because ethics training is directed at decision making, organisations usually direct such ethics training at managers. Barry (2002) agrees and explains that some organisations only focus on mid-level managers and leave out the boards of directors and senior management. Harrington (1991) on the other hand points out that some organisations direct ethics training programmes exclusively at upper management. Organisations could thus fail to train non-management employees (Barry, 2002; Harrington, 1991). Martens and Day (1999) and Weaver and Trevino (2001) advocate that training needs to occur frequently and should be aimed at executives and employees at all levels. Barry
(2002) states “effective initiatives devise a communication strategy that includes training for all levels of employees” (p.40). Harrington (1991) supports this and argues that when all levels of employees receive ethics training unethical behaviour could be avoided as such training will draw attention to ethical issues to which employees may be exposed. He explains further that modules on business ethics should be included in the training of managers and employees to address ethical behaviour in the organisation. Harrington (1991) however points out that very few organisations have a corporate-wide ethics-training programme that all employees could attend.

Martens and Day (1999) signify that the first training session should be led by the CEO as this would enhance the programme’s credibility among employees. Harrington (1991) and Salopek (2001) agree and argue that a corporate ethics training programme will not be successful without the involvement of leadership. Brandl and Maguire (2002) believe that the best training method is education by example. The organisation’s leaders should set an example for the entire organisation. Schultz et al. (2003) concur and explain that top management and other role models should set very high standards. DeConinck, Stephens and Foster (1995) and Guillen, Mele and Murphy (2002) are in agreement and believe that this is important as the ethical behaviour of employees is influenced by the ethical behaviour of top managers. As a result top management has a vast influence on the ethical culture of an organisation (Werner & Schultz, 2007).

Based on the literature, it is clear that organisations take different approaches to ethics training (Jose & Thibodeaux, 1999). Organisations could make use of seminars, external institution, orientation sessions, externally conducted courses, courses conducted internally, decision-making frameworks, workshops, a review of the codes of ethics, case studies, cognitive approaches and rules and guidelines (Harrington, 1991; Salopek, 2001; Sims, 1991). However, some of these ethics training programmes have been criticised. Trevino et al. (1999) argue that the least effective approach to ethics training “is one that relies on external consultants who deliver an hour of ethics training that has little to do with employees’ ongoing work” (p.147). Martins and Day (1999) agree and explain that programmes should be tailored to employees’ job requirements. Brandl and Maguire (2002) support this, they explain
that employees respond better to programmes that customise illustrations of ethical issues they might have to deal with in their job. Wiley (1995) agrees and explains that in-house ethics training programmes “provide more specific direction for dealing with potential ethical problems than general credos do and they facilitate the awareness and practical application of a company’s code of ethics” (p.25). From the above it is clear that a one-size-fits-all approach is not as successful as a programme which is custom-tailored to an organisation’s needs.

Wood and Callaghan (2003) state that induction training is not sufficient for ethics training as it is executed at a time when employees are exposed to a wide range of information about the organisation and as a result they suffer from information overload. The employee also often does not yet understand the organisational culture and is not able to discriminate which information will be most important in their future career with the organisation. Rossouw and Van Vuuren (2006) on the other hand argue that orientation sessions are very useful as it is possible to communicate to employees inter alia, the importance of ethics, the resources employees could use for advice on ethics, what the code of ethics entails, how it has to be applied and the procedures which will follow non-compliance.

Various authors (Barry, 2002; Weber, 1993) argue that ethics training should be developed from the code of ethics in order to enhance employees’ ability to make ethical decisions. Kaye (1996) argues that a code of ethics is an effective education tool as it reinforces ethical values and provides an opportunity to educate employees about the organisational culture. However, Salopek (2001) argues that the case study approach is perceived as most relevant to employees as it lets them talk about real situations. He states that scenario training “equip employees with tools that enable them to examine possibilities and to make appropriate decisions” (p.43). Consequently, it is widely regarded to be the best ethics training, because it is perceived as scenario-based or experiential (Wiley, 1995). Harrington (1991) agrees that discussions force employees to realise that there could be alternative views concerning decisions. Another benefit of the case study approach is that case studies can be changed to match societal and management concerns. Stevens (1999) explains that case studies are also a good way to learn how employees will react to controversial situations. The case study approach has, however, been criticised as it is
argued that one or two case studies are unable to cover the variety of issues which employees may be exposed to. The greatest criticism is that it fails to provide training in problem solving and improve decision making by letting employees reason through the alternatives on their own (Harrington, 1991). From reviewing the literature it is clear that there is a need for more research regarding the types of training programmes as it is not known whether some approaches assist employees more in decision making than other approaches.

2.4.3 Organisational enforcement mechanisms

It has been argued that in order for codes of ethics and employee ethics training programmes to completely become part of an employee’s daily decision-making and behaviour, they should be reinforced through developing both negative and positive organisational enforcement mechanisms (Schultz et al., 2003; Weber, 1993). Werner and Schultz (2007) support this and explain that a code should be enforced through penalties for non-compliance and rewards for compliance. Trevino et al. (1998) and Wood and Callagham (2003) come to the same conclusion and explain that organisations should create a context in which ethical behaviour is encouraged and supported (rewarded) and unethical behaviour is discouraged (disciplined). Nevertheless, most organisations base rewards, such as promotion and pay, on the information gained in the performance appraisal (Harrison, 2005; Härtel et al., 2007; Weaver & Trevino, 2001). This implies that it is important for performance criteria used in appraisal processes to be supportive of ethical ideals and goals. Weaver and Trevino (2001) explain that appraisal processes should incorporate concern for fairness and ethics both in the way the appraisal is conducted and in the evaluative criteria used. It is argued that performance goals should thus focus on means and ends. An organisation needs to determine how a person achieved the most sales. They need to find out if it was done by long-term honest relationships or by lying to customers (DeConinck, et al., 1995; Weaver & Trevino, 2001). This is important, as “employees are more likely to participate in unethical behaviour when they are rewarded for such conduct” (DeConinck, et al., 1995, p.100). Sims (1991) agrees and states “that which is rewarded tends to be repeated” (p.504).
DeConinck et al. (1995) make it clear that unethical behaviour occurs in organisations because management does not discipline employees for unethical conduct. They argue that employees are less likely to engage in unethical conduct “when management takes an active role in controlling unethical behaviour” (p.99). This is supported by Weaver and Trevino (2001) who point out that unethical behaviour needs to be disciplined to ensure that no perception of inconsistency or unfairness exists in the corporate ethics programme’s implementation. They state that employees expect the organisation to discipline unethical conduct. Weber (1993) agrees and explains that employees could be disciplined for unethical behaviour by means of suspension, appraisal comments and probation. Weaver and Trevino (2001) make it clear that punishment facilitates important social learning as third parties become aware of it and the organisation’s values and standards are reinforced.

Trevino et al. (1999) also explain that ethics programmes are designed with different orientations. These researchers refer to two approaches, namely, a values-based approach or a compliance-based approach. A values-based approach encourages employees to commit to ethical behaviour and to define organisational values. A compliance-based approach focuses on detecting, preventing and punishing breaches of the rules. The authors also declare that some of the research suggests that the values-based approach is more effective than the compliance-based approach as it motivates employees to act in accordance with the values which are shared. Conversely, the compliance-based approach is seen to be counterproductive because it focuses on the avoidance of punishment instead of self-determination. However, these researchers found that these two approaches are not mutually exclusive as the values-based approach is highly correlated with compliance orientation. It is argued that a values approach could be backed up with disciplining employees for violations.

Trevino et al. (1999) state that “an ethical culture should include a reward system that supports ethical conduct” (p.143). Sims (1991) agrees that in order to maintain an ethical organisational culture it is necessary to reward employees for ethical behaviour and to avoid rewarding them for unethical behaviour. This will ensure that unethical employees do not receive rewards for unethical behaviour (Weaver & Trevino, 2001). It is important to reward employees for ethical conduct as Trevino
and Nelson (2007) found that rewards are the most important influence on people’s behaviour.

Weaver and Trevino (2001) explain that employees need to be rewarded for ethical behaviour to ensure that ethics expectations are not seen as an additional uncompensated burden. However, Weaver and Trevino (2001) argue that employees should not expect rewards for routine ethical conduct as it should be seen as part of their daily work. Brandl and Maguire (2002) are in agreement, saying that it could be difficult to reward employees for ethical behaviour (e.g. telling the truth) “that all moral people are expected to do in any situation” (p.12). Weaver and Trevino (2001) support this and explain that when employees receive rewards for expected ethical conduct it “may conflict with some employees’ beliefs that ethical behaviour should be its own intrinsic reward and that ethical behaviour is diminished in stature if it is rewarded” (p.125). It is thus argued that rewards for ethical conduct should be customised to the particular motivation of individual employees (Robbins, 2000).

Weaver and Trevino (2001) and Werner and Schultz (2007) reveal that rewards could be most effective if awarded in the form of long-term rewards, such as symbolic rewards (recognition and praise) or promotions rather than bonuses as these will not reduce the status of ethical conduct in the mind of the employee who acts ethically. Werner and Schultz (2007) explain further that managers should consider the performance standards when employees apply for promotion. This is important as Robbins (2000) points out that rewards will lead to satisfaction and effective performance when they are tied to performance, tailored to individuals needs and perceived to be fair by the employee.

2.5 Organisational communication channels

Stevens (1999) states that ethical standards need to be effectively communicated to employees to integrate ethics into the organisational culture. Sligo (1994) believes that communication is effective when the people who need to understand the message correctly, receive it on time and act appropriately on it. Stevens (1999) agrees and argues that ethical messages should be communicated in ways that employees find meaningful and useful. Trevino and Nelson (2007) support this and explain that
organisations need to communicate their values and standards in a variety of informal and formal ways to meet their employees’ needs.

Picherit-Duthler and Freitag (2004) argue that organisations face many challenges when communicating information to employees, as they need to find the best way to reach employees, with the right amount and right type of information through the right channels. The continuing development and adoption of new organisational media, like Intranets, have created many new challenges for organisations. Schmidt and Gardner (1995) agree that communication media have characteristics that define their limitations, such as degrees of formality and certain receiver expectations that affect message reception and content significantly. Rice (1992) explains that communication media vary in the extent to which they can overcome different communication constraints of distribution, location, time, permanence, distance and the transmission of nonverbal and social cues of human communication. Researchers have consequently developed two related theories to discuss differences in media characteristics, namely media richness and social presence theory. These two theories are used as they seem to be particularly applicable to the area being reviewed.

The concept of information richness or media richness was introduced more than two decades ago by Daft and Lengel (1986) who define it as “the ability of information to change understanding within a time interval” (p.560). These authors propose that communication channels are different in the extent that they are able to bridge the different frames of reference, elucidate ambiguous issues or change understanding in a given time interval. According to Daft and Wiginton (1979) media differ in richness as they vary in their capacity for timely feedback, the number of channels and cues involved language variety and personalisation. Media channels are consequently not the same in their capacity to reduce equivocality and uncertainty (Daft & Lengel, 1986). Rice (1992) is of the opinion that uncertainty means the absence of information and suggests that uncertainty decreases as information increases. Equivocality means ambiguity and it occurs when conflicting interpretations exist about an organisational situation. High equivocality means a lack of understanding and confusion.
The social presence model of communication distinguishes media according to the degree of interpersonal contact (intimacy and immediacy) that they provide. According to Fulk and Collins-Jarvis (2001) the social presence of a medium is linked to nonverbal signals like gestures, verbal cues, facial expressions, back-channelling cues and proximity. Andres (2002) explains that facial expressions and gestures can help the receiver to understand the importance or urgency of the message. For example, mutual gaze and back channelling cues like “mm” or “okay” indicate acceptance of a speaker’s message. Several researchers assert that communication media can be ranked according to the degree to which they transmit the social context cues (Watt, Lea & Spears, 2002).

2.5.1 Computer mediated communication

Neher and Sandin (2007) explain that communication which is dependent on a computer with online access is mediated. Technological developments have introduced several computer-mediated channels, such as the Intranet and e-mail. However, no literature on computer-mediated channels could be found that focused specifically on the usefulness of it when communicating ethical information within organisations. The researcher consequently focuses on the functions of e-mail and Intranet. By reviewing the functions of these media it would be possible to determine whether certain ethical documents could be successfully communicated through these media. This may assist the researcher in determining how useful these media are in informing employees about ethical matters.

- E-mail

According to Hewitt (2006) e-mail is extensively used in organisations and its use is still rising. Various authors believe that e-mail has many useful functions. Berry (2006) explains that e-mail is quick and easy because it is capable of sending large volumes of information efficiently and simultaneously to many employees. This could be useful for communicating a code of ethics. Rossouw and Van Vuuren (2006) point out that a code of ethics needs to be regularly communicated to employees, otherwise it will continue to be just words on paper.
Sligo (1994) states that when a message is transmitted to receivers with the least possible cost and effort, it is efficient. Galvin, Prescott and Huseman (1992) explain that the dilemma faced by managers is that methods of communication which are most efficient are often least effective and vice versa. For example, e-mail is cost effective, convenient and an efficient method of communication, but is not considered as very effective. This is because feedback is restricted. When e-mail is used the sender is unable to determine whether the receiver understands the message. This could be a problem as Rossouw and Van Vuuren (2006) argue that employees need to understand precisely what the code of ethics entails, otherwise it would be ineffective. However, Tunstall (1999) suggests that the fast delivery and turnaround of e-mail allows clarification when necessary. Senders are thus able to receive feedback from receivers and check interpretations, which could help e-mail messages to be more effective (Berry, 2006). Kankanhalli, Tan and Wei (2007) propose that the absence of nonverbal cues in e-mail could escalate conflict as it generates few feedback clues as to how a recipient is reacting to a message.

Hewitt (2006) found that text-based computer-mediated communication is less appropriate for social tasks like negotiation and more appropriate for tasks like the exchange of information. This is supported by Daft and Lengel (1986) who suggest that media of low richness are very effective in processing standard data and well understood messages. This is appropriate for a code that takes on an aspirational format. Rossouw and Van Vuuren (2006) explain that “an aspirational code is a short document that spells out the ethical values that should guide behaviour in an organisation” (p.219). This document is concise and easy to recall and because it does not contain much detail it is less likely to be confusing. E-mail would thus be sufficient for communicating a straightforward document (Dolphin, 2005). Tunstall (1999) argues that recipients want to process each e-mail message quickly and therefore e-mail is not suitable for long, complicated messages. In general the viewpoint is that e-mail is not ideal for communicating complex information but is primarily suitable for straightforward information (Ducheneaut, 2002; Johnson, Heimann & O’Neill, 2001).
• **Intranet**

Lehmuskallio (2006) surveyed the 50 largest multinational organisations in Finland and found that Intranets have been implemented and used in almost all the responding organisations, regardless of the number of employees or the organisation’s field of business. Lehmuskallio (2006) found that the Intranet in organisations was seen to be the most important source of internal information, surpassing all other communication channels like e-mail and face-to-face communication. One explanation for this could be that Intranets have many valuable functions; information can be efficiently retrieved and stored, quality data can be transmitted very fast and interactive collaboration can take place. Bottazzo (2005) suggest that an Intranet portal also makes it possible for employees to quickly find the information they need.

Banck and Nyström (2005) explain that the Intranet is not restricted in space and time and as a result it does have an advantage over traditional libraries. Because an Intranet is not restricted in space it is possible to efficiently arrange the data that employees need. It could thus be suitable for a code of ethics that takes on a directional format. Rossouw and Van Vuuren (2006) explain that a directional code “is a more extended document that provides specific guidelines about what is expected from members of an organisation in specific circumstances” (p.220). This could increase the quality of work and productivity as the necessary information will be available to all employees (Bottazzo, 2005). However, Paul, Samarah, Seetharaman and Mykytyn (2005) argue that the Intranet ranks low for social presence, as it restricts the physical presence and the transmission of back channel cues.

### 2.5.2 Printed materials

Brenner (1992) and Trevino and Nelson (2007) demonstrate that ethics messages should be reinforced in communication materials such as annual reports, newsletters, magazines, booklets, recruiting brochures and orientation material in order to integrate ethics into an organisation. However, studies on the communication of ethics and printed materials are limited as only two relevant studies could be found.
Stevens (1999) investigated the use of print materials to determine which are most useful in teaching employees about ethics. In the study it was found that the ethical code and the reading handbook (that outlines behavioural standards and refers to points in the ethical code) were seen to be the primary source of ethical information for employees. Furthermore, newsletters and posters were seen to be useful in teaching employees about ethics. Rossouw and Van Vuuren (2006) are of the opinion that newsletters are useful as they maintain organisational ethical awareness. They explain further that organisations use newsletters to publish inter alia, good news ethics stories, cases of how unethical behaviour was dealt with or statistics that relate to helpline queries.

In a study executed by Guillen et al. (2002) they found that ethics messages are most often communicated through handbooks, posters and brochures. They also found that organisations with a variety of printed materials are also more likely to have corporate ethics programmes. However, Guillen et al. (2002) emphasize that formal communication is important for large organisations as the formalisation clarifies guidelines for conduct and makes it possible to communicate ethical issues to all levels of an organisation. Sligo (1994) argues that printed material is cheap and consequently attractive to organisations that are concerned about the high cost of internal communication. Conversely Daft and Lengel (1986) perceive printed materials to be low in richness as feedback is restricted and fewer cues are processed.

### 2.5.3 Verbal communication

Verbal communication (also known as direct physical communication) would include discussing ethical standards face-to-face with the organisation’s employees (Stevens, 1999). Guillen et al. (2002) found that informal communication of ethical issues to employees is sufficient in small organisations as it is possible to reach employees at all levels of the organisation by this means.

A study by Stevens (1999) found that training and orientation was confirmed as a source of learning about ethics. Rossouw and Van Vuuren (2006) agree that orientation sessions are useful as it is possible to communicate to employees the importance of ethics, what the code entails and how it should be applied. Fulk and
Collins-Jarvis (2001) state that face-to-face communication is very effective as it ranks high in social presence and is also seen to be the richest medium as many social contact cues are transmitted. Berry (2006) agrees that it allows the simultaneous communication of multiple cues like body language, tone of voice, blush and facial expression. It is thus possible to deal with complex issues, as senders are able to receive feedback from receivers and to check their interpretations. This is important as it would minimise miscommunication and conflict (Cass & Lauer, 2004; Ducheneaut, 2002).

2.6 Summary

Ethical leadership plays an important role with regard to ethics programme effectiveness. It was found that if the CEO of an organisation is not committed to the corporate ethics programme, credibility may be lacking among employees and senior management. Codes of ethics, employee ethics training and enforcement mechanisms were found to be useful in integrating ethics successfully into an organisation’s culture. It was also found that a code of ethics will only influence employees’ behaviour when it is adequately communicated to them. Employee ethics training is useful as it raises the ethical awareness of employees. However, all levels of employees need to receive ethics training in attempting to avoid unethical behaviour in organisations. Training which is custom-tailored to an organisation’s needs, is also more useful than training presented by external consultants as it illustrates the ethical issues employees might have to deal with in their job.

It appears as if the values-based approach is preferred in the literature as it motivates employees to act in accordance with the values which are shared. Conversely the compliance-based approach focuses on the avoidance of punishments instead of self-determination. However, the compliance-based approach could be seen as useful as disciplining employees for unethical behaviour facilitates important social learning. This is because third parties become aware of it as an organisation’s values and standards are reinforced.

Rewarding employees for ethical behaviour exerts a very important influence on employees’ attitudes. Rewards are most useful when tailored to the particular
motivations of individual employees, as it does not reduce the status of ethical conduct in their minds.

It is clear that to integrate ethics successfully into the organisational culture it is necessary to consider the communication channels which are used to inform employees about ethics. Different communication channels have different characteristics that define their limitations, like receiver expectations and feedback. E-mail and Intranet are useful to make a code of ethics with detailed information available to employees. Printed material, which includes reading handbooks, newsletters and posters are also useful to communicate ethical information to all levels of the organisation. Direct physical communication is primarily used in small organisations, as it is possible to reach employees at all levels of the organisation. Training and orientation sessions are also useful as they are seen to be a source for learning about ethics.

In Chapter 3 the research methodology is discussed and the choice of the empirical data gathering approach is also presented.
CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the research paradigms and the chosen approach are discussed. The e-survey participants, survey design and the data collection instrument are then considered. Finally the procedures used to analyse the data are discussed and the limitations and ethical issues are identified.

3.2 Overview

The term methodology refers to a chosen approach which is applied to the entire process of research. Methodology is concerned with the theoretical underpinning and the how, why, where, when of data collection and how it is to be analysed (Collis & Hussey, 2003). Various aspects of the methodology are discussed in the rest of the chapter.

There are two main research paradigms, namely the positivistic and the phenomenological. Some authors refer to the positivistic paradigm as quantitative and the phenomenological paradigm as qualitative (Collis & Hussey, 2003). This research project employs a quantitative approach. The motivation for which is outlined elsewhere in this chapter.

3.2.1 Quantitative and qualitative research

The quantitative paradigm considers the world to be objective and external to the researcher. Leedy and Ormrod (2005) refer to quantitative research as impersonal and experimental. Researchers remain distant when the research is conducted in order to ensure that they hold an objective view and that it is not biased or influenced by their own values (Collis & Hussey, 2003). Conversely, the qualitative paradigm is context-bound and when taking notes, the qualitative researcher automatically summarises the
information and this could lead to errors, omissions, distortion and bias as the researcher’s own perceptions act as a filter (Shipman, 1997).

Methods used to collect quantitative data include models, surveys, theories and samples, all of which can, according to Cohen, Manion and Morrison (2000) be tested and generalised. In theory, other researchers should be able to repeat the research within a reasonable period of time and achieve about the same results. This approach thus has a high level of reliability and leaves little room for misunderstanding and subjective interpretation (Eldabi, Iran, Paul & Love, 2002).

Methods to collect qualitative data could include in-depth interviews. The data gathered with this approach is valuable, but is subject to interviewer bias, since it may emerge from a small sample (Collis & Hussey, 2003). It does not allow for replication “… as controlling the research setting destroys the interaction of variables and therefore affects the underlying philosophy of its research method” (Eldabi et al., 2002, p.67). Another criticism of this approach is that reliability is low as it is difficult to make similar interpretations on different occasions (Collis & Hussey, 2003; Creswell 2002).

However, the quantitative approach has been criticised by researchers because it is context-free and it is therefore not possible to obtain a deeper understanding of a particular issue or topic (Eldabi et al., 2002). It is also difficult to determine whether a question was misinterpreted or ambiguous as the “researcher is independent from that being researched” (Collis & Hussey, 2003, p 49). On the other hand a qualitative approach can be used to put categories and variables in context. Qualitative researchers may not assign meaning to a phenomenon if the context is not described and understood from the point of view of the people who are affected by the phenomenon. Validity increases as the researcher gains access to the knowledge and opinions of those involved. It has the ability to deal with phenomena, complexity and relationships (Gummesson, 2006).

Collis and Hussey (2003) state that “one of the main advantages of a quantitative approach to data collection is the relative ease and speed with which the research can be conducted” (p.162). In contrast, interviews can be very time consuming as it takes
a lot of time to write down the questions and answers. Consequently it could be more demanding than a quantitative study (Eldabi et al., 2002).

However, research is rarely exclusively either qualitative or quantitative as there may be combinations of qualitative and quantitative methods within a study, or a preference for a one worldview, for example, quantitative research is still coloured by qualitative elements, such as observation.

Considering the advantages and disadvantages, a quantitative approach was chosen for this research project. The approach comprises an e-survey which should enable the researcher to obtain a large amount of anonymous data regarding a contemporary sensitive topic like ethics in business.

The rationale of using an e-survey is as follows: When using a survey it is possible to summarize responses with frequency counts and percentages as well as by the use of statistical indexes that would enable the researcher to answer the research question (Leedy & Ormrod, 2005). With an e-survey respondents also have sufficient time to think about questions. It is also respondent friendly as it is less time consuming than other methods and is also anonymous (Emory & Cooper, 1991). Open-ended questions are also limited in surveys and consequently make it easier to collect data, as respondents do not have to provide extensive written information. It is therefore possible to collect information from many respondents within a relatively short space of time.

However, e-surveys, like all surveys, have various limitations. Limitations summarised by Gillam (2000) are that surveys are impersonal and consequently respondents may not see honest answers as a priority. Few people can express themselves comprehensively in writing regarding complex or judgemental issues. As a result the survey could seem to be excessively difficult which could deter respondents from completing the survey. When a survey is apparently uninteresting and the respondents do not know the researcher personally, a low response rate may also result. After evaluating these considerations this researcher, however, concluded that an e-survey is appropriate to gather information to address the stated research question.
3.3 E-survey design

Research in the contemporary field of ethics is limited and consequently the researcher had limited access to surveys relevant to this study, which had previously been done. Erasmus and Wordsworth (2004) and Mey (2004) originally developed most of the survey questions that the researcher found which are relevant to this study, and the majority of the e-survey questions used in this study were thus based on those survey questionnaires. The literature that was reviewed for this study also assisted this researcher to design some questions for the survey and to answer the research question as well.

A questionnaire containing closed questions was developed (see Appendix B). Closed questions are regarded as more suitable for large-scale surveys as they are less complex, quicker for respondents to answer and are easier to analyse, since the choice of potential answers is limited (Eldabi et al., 2002; Lewin, 2005). The researcher deliberately avoided open-ended questions as these may be problematic because they place high demands on respondents’ time and can easily be misunderstood (Cohen et al., 2000).

Some of the questions in the survey were dichotomous questions (yes/no) and others were multiple choice. The majority of the questions were compiled making use of a five-point Likert scale anchored by ‘strongly agree’ and ‘strongly disagree’. This was primarily the approach followed by the surveys which were reviewed by the researcher. For this study the Likert scale is acknowledged to be very suitable because it turns questions into statements and captures respondents’ opinions about concepts such as codes of ethics and ethics training (Jenkins, 1999). It enabled the researcher to determine how much respondents agreed or disagreed with certain statements (Collis & Hussey, 2003).

As suggested by Lewin (2005) the researcher also made use of filter questions to ensure that respondents only answered relevant questions. This is important as respondents could drop out of the survey when they have to answer irrelevant questions. Placing demographic data at the beginning of the survey could be seen by a respondent as a personal intrusion which may deter them from continuing with the
completion of the survey. For this reason the demographic questions were included in the last section of the survey.

### 3.4 E-survey participants

The target population included all the organisations which are registered members of the Rosebank and Avondale Business Associations for the 2007 calendar year. These districts are generally regarded as high growth areas in the Auckland region (Batts, 2007). Currently 427 organisations of the Rosebank Business Association and 61 organisations of the Avondale Business Association are eligible members. However, five organisations in the Rosebank Business Association category participated in the pilot study and consequently their responses are not included in the final response total for the survey. The eligible participants thus totalled 483 organisations. The eligible list comprised organisations which were traceable, not duplicated and had e-mail and fax details that could be identified by the researcher.

Rosebank and Avondale are geographically adjacent areas and businesses also share Rosebank Road. The researcher consequently decided to include both areas as one geographical entity due to the similarity of business areas being served. Thus, if some other researchers wished to repeat the survey in the near future they should obtain similar results, as a specific area had been demarcated for the study. Employees in management positions in every organisation which was eligible to complete the survey were targeted as potential respondents. This included employees in the following positions: Chief Executive Officer, Director, Assistant Director, General Manager, Senior Manager, Manager and Supervisor.

### 3.5 Pilot e-survey

Designing a questionnaire is very important as the wording could have a huge impact on the outcome of a study (Cohen et al., 2000). For instance, the way in which a question is framed can produce radically different levels of disagreement and agreement (Gillam, 2000). Piloting a questionnaire is therefore essential as it could highlight ambiguities and potential pitfalls (Lewin, 2005). During August 2007 the researcher used a two-phased pilot study to test the questionnaire.
Firstly, in order to maximise reliability, ten post-graduate students took part in the pilot study survey to check whether the wording of the questions was confusing or offensive. The researcher then asked the ten the following questions:

- How long did it take you to complete the survey?
- Did you spot any spelling mistakes?
- Do you think that the layout should be changed?
- Did the progress bar encourage you to complete the survey?
- Do you think that the introduction to the survey could be changed to encourage individuals more to complete the survey?
- Do you think the colour is appropriate?
- Is the writing style easy to read?
- Do you have any suggestions how the instructions could be improved?

The researcher used the feedback from this pilot study group to improve the survey questions. For example, the stem to question 5 of the ethics survey originally read: “In your organisation the following communication channels are seen as the best when informing employees about ethics...” The feedback was that the term ‘best’ can be interpreted as ‘most excellent’ or ‘correct way’ and as a result may be confusing for respondents. The researcher consequently changed the question to be more specific and it then read as follows: “In your organisation the following communication channels are seen as useful when informing employees about ethics....”

In the second phase of the pilot study five member organisations of the Rosebank Business Association were approached to complete the survey to refine the questions in the questionnaire even more. They were then asked the following questions:

- Do you think that the survey is too long?
- Do you feel that the questions follow logically?
- Did the introduction to the survey motivate you to do the survey?
- Did you find the instructions to each question easy to understand?
- How comfortable did you feel about answering the questions?
An example of a change in a question is as follows: The stem of question 1 of the ethics survey read: “To successfully integrate ethics into your organisation’s culture it is important to…” This question was found to be unclear and as a result it was changed to read as follows: “The following are components which are useful to integrate ethics into your organisation’s culture or way of thinking…” The questionnaire was then finalised and prepared for distribution at the beginning of October 2007.

3.6 Data collection – E-survey

The data collection was executed in the following manner. An information letter (sanctioned by the two senior managers of the respective business associations) with a dedicated web link was e-mailed to 422 organisations in Rosebank and 61 organisations in Avondale on 11 October 2007. They were requested to complete the online questionnaire no later than 30 November 2007. A reminder e-mail was sent on 25 October to encourage respondents to complete the online questionnaire. However, by 5 November the researcher had received only 30 useable responses.

Between 9 – 15 November 2007 the researcher attempted to increase the response rate by faxing the information letter with the dedicated web link to the target organisations. Because an electronic message can be easily deleted, it was thought that a hard copy would not be so easily forgotten and people might think twice before they dispose of it. The researcher faxed the letter to all 422 organisations in Rosebank and all 61 organisations in Avondale.

As a further follow-up the researcher decided to also randomly remind some of the organisations about the survey by telephone over a 5-day period. This approach produced limited success as organisations thought that the researcher was just ‘another telemarketer’ and rang off before the researcher could give the relevant details. After the first few calls the researcher adjusted the telephone procedure by immediately identifying herself as ‘the researcher from Unitec who is carrying out the survey’. This approach probably improved the willingness of organisations to go and complete the online questionnaire.
As a last resort the researcher decided to visit organisations personally and provide them with a hard copy of the questionnaire. The idea was that people are more likely to participate and do something when it is face to face which and more personal (Gillam, 2000). The researcher randomly visited 56 organisations in Rosebank and nine in Avondale who had not previously been telephoned as part of the follow up procedure. The researcher provided management with the questionnaire, an envelope with the return address already entered and an affixed postage stamp to prompt them to complete the survey. This probably made it easier for some respondents to complete the survey. During the visits by the researcher some organisations indicated that they might already have responded. This approach probably did prompt some organisations to also complete the e-survey.

From e-mails, faxes and personal visits, the researcher finally received 61 useable responses, which gives a response rate of 12.63%. A total of seven were so insufficiently completed that they were of no use for the survey. However, the original cut-off date of 30 November stated in the introductory letter to questionnaires was upheld. The reason was that the approach of the Christmas peak business period and closure of businesses for the festive season made a large number of additional responses highly unlikely. Furthermore an extension reminder could perhaps have confused some businesses as they might have considered it to be a new study.

3.7 Data Analysis – E-survey

The researcher decided to primarily make use of the chi-square together with the ANOVA-Kruskal Wallis test to analyse data in more detail. This was done after the results were obtained and percentages, in terms of the Likert Scale ratings, are presented in Chapter 4. The ANOVA-Kruskal Wallis test was also applied in Chapter 5 as a further analysis and refinement of the results in the discussion of the findings. The ANOVA-Kruskal Wallis test is, according to Pallant (2005), the “…non-parametric alternative to a one-way between-groups analysis of variance” (p.294). Leedy and Ormrod (2005) agree and explain that it is thus possible to examine possible differences between three or more groups.
The data collected from the survey was entered into a spreadsheet in Excel and then exported to the Statistical Package for the Social Sciences (SPSS) programme. The SPSS for Windows expects the data to be in numerical form and for this reason a numerical code must be allocated to each variable. Collis and Hussey (2003) explain that this program consists of a worksheet where the data is stored and that it is supported by a series of commands, accessible from a menu. Once the data is stored, SPSS makes it possible, amongst other things, to analyse data via frequency tables and to present the results in graphs and tables that could be imported and analysed.

In scholarly texts a distinction is made between descriptive statistics and inferential statistics. According to Collis and Hussey (2003) descriptive statistics describe and summarise data. Descriptive statistics thus “… describe how things are, rather than seeking to explain why phenomena occur” (Lewin, 2005, p.215). Inferential statistics look for relationships between attributes and identify differences between groups. The data, which is collected from a sample, is thus used to draw conclusions about a whole population. The statistics to be presented are both descriptive and inferential.

3.8 Limitations

It appeared as if respondents were hesitant to express their opinions about ethics, perhaps because it is a contemporary issue which has attracted repeated prominent global media attention during the last couple of years. One of the organisations that the researcher visited, for instance, indicated that they felt uneasy about participating in corporate ethics research as they may, inadvertently, reflect negatively on their own approach to corporate ethics practice. They were consequently not very eager to participate in the project even though they were assured that all the information they provided would be anonymous and that they would never be identified. The apprehensiveness to engage in ethics-related issues is perhaps the reason why the researcher had to make repeated attempts to collect the data. It may, of course, also be that organisations are merely tired of completing surveys in general in Auckland.

The period immediately before the Christmas season may also not have been the best time to execute a research project, as businesses were preparing to accommodate the festive season and the subsequent holidays. There might have been closures of
organisations or lean staffing due to the eminent festive season - all of which may perhaps have reduced the willingness to participate in voluntary research, even though it may generally be to their advantage.

As this project represents only 60 credits and is therefore of limited value, the researcher did not collect information which could be used for comparison with the e-survey data via interviews. Neither was more sophisticated research techniques applied to the analysis of the data.

3.9 Ethical considerations

The researcher completed a Unitec Research Ethics Committee (UREC) application, as human participants are involved in the research project. No organisations were identified in the project. Participants were asked to complete the questionnaire in an anonymous manner. They were not required to fill in their names nor provide any personal information that could identify them. This eliminates the possibility of identification of responses or respondents. Neither can participants be identified from raw or published data. The raw data from the completed surveys is to be safely stored in a locked storeroom at Unitec, New Zealand for a period of five years.

The researcher ensured that the participants were aware of the fact that the results of the survey would be used for the researcher’s research project only. It was clearly stated by the researcher in the participant information sheet, that confidentiality would be guaranteed in any ensuing publication. The participants who completed the survey gave their consent by submitting the completed survey. The researcher offered no monetary or non-monetary incentive to participating employees.

Based on the ethics issues, an “Application Form B” was submitted and approved by UREC for the research to be executed from February 2007 to February 2008. The UREC Approval Number is: 2007.743.
3.10 Summary

In this chapter the research methodology is presented. The researcher decided to gather the information by means of an e-survey, after various other data collection methods had been reviewed.

It was decided that a quantitative approach would be most appropriate for this research project as a research topic with numerous anonymous inputs was to be employed. In particular, an e-survey was found to be the most suitable approach as data can be obtained from a large number of anonymous respondents. The actual potential e-survey participants were approached only after the researcher had designed the survey by first executing a two-phased pilot study. The difficulties the researcher encountered in collecting the data are reflected by the limited number of responses which were received. Procedures to analyse the data are also discussed and the limitations and ethical issues are identified as well.

The results are presented in Chapter 4 to gain an overall view of the data gathered via the e-survey.
CHAPTER 4

RESULTS

4.1 Introduction

This chapter presents the results of the study which are based on the completed questionnaires. The e-survey made a large volume of data available, which are presented in pie charts, bar charts and tables where applicable. The main survey questions were concerned with respondents’ views regarding codes of ethics, ethics training and disciplining and rewarding employees (see Appendix B).

The results are divided into seven sections for presentation purposes, as they relate to the questions in the questionnaire. The first section outlines demographic information from the participants to provide an overall view to the reader, although this information was requested at the end of the questionnaire. The second section covers corporate ethics programmes. The third section includes detailed views regarding a code of ethics. The fourth section covers ethics training. The fifth section includes detail regarding enforcement mechanisms (discipline and reward employees). The sixth section covers the development of ethics programmes. The seventh section presents an evaluation of the use of communication channels, although it was the fifth question in the questionnaire, but it was decided that it would be more relevant at the end. The analysis of significant differences are presented and discussed in detail in chapter 5.

4.2 Results of the e-survey

A total of 483 organisations were eligible to participate in the survey. A total of 68 participants responded to the survey questionnaire. Only 61 were useable which are useful for analysis purposes as seven had incomplete data. However, in some cases respondents also omitted to answer the odd question.
4.3 Demographics of the participants

Participants were asked to answer questions regarding the demographics, which included the industry to which they belong, the total number of employees in their organisation and their specific position in the organisation. The demographic details of the participants are presented in the following sub sections.

4.3.1 Industry to which the organisations belong

The broad industry classification used is based on international categories (Erasmus & Wordsworth, 2004; U.S. Standard Industry Classification System, 2007; Walsh & Raffills, 2007). No responses in the following categories for this survey were received: Agriculture, mining, electricity, gas and water, catering, accommodation or other trade. Therefore none of these are included in the presentation of the findings and results.

The specific categories outlined below closely reflect the profile of the target organisations for the survey. The following groupings were therefore compiled for analysis purposes: Goods-producing sector, which includes manufacturing and construction and represents 27.9%. The service producing sector, which includes transport, storage and communications, finance and business services and community, social and personal services and represents 39.3%. Sales orientated sector which includes retail businesses, the motor trade, repair services, wholesale trade, commercial agents and allied services and represents 29.5%. These results are presented in Figure 1 below.

A further break up of the data for purpose of analysis is not possible as the database is too small to be meaningful for deductions and recommendations. Construction firms, for example, only supplied two responses and transport, storage and communications also only had two responses. The reader should also note that the results are broadly representative of the target participant organisations. According to Walsh and Raffills (2007) a total of 23% of businesses are in manufacturing and 29% are in the wholesale and retail trade. The remaining responses are also broadly representative of the target organisations that were surveyed.
Figure 1: The industry to which the organisations are connected

Note: There are 2 missing cases (equal to 3.3% of the total responses) which did not complete this question

4.3.2 Number of employees working in organisations

Due to the nature of this study the following groupings were compiled for analysis purposes as shown in Figure 2. Small includes organisations with fewer than 10 employees and represents 41%. Medium includes organisations with 11 to 50 employees and represents 23%. Large includes organisations with 51 to more than 500 employees and represents 34.4%.

The motivation for using these groupings is as follows: The broad New Zealand profile of employment (farming excluded) is according to New Zealand statistics (2005) that a total of 96% of businesses have fewer than 20 employees. These businesses account for 30% of the total number of employees in the country. Organisations with 100 or more employees make up less than one percent of the total number of organisations, but nonetheless account for 47% of the total number of employees in New Zealand.
Figure 2: Number of employees working in organisations

![Pie chart showing the distribution of employees in small, medium, and large organisations.]

Note: There is 1 missing case (equal to 1.6% of the total responses) which did not complete this question.

Note that the groupings that were decided upon are representative of the target participant organisations as Walsh and Raffills (2007) state that 77% of businesses located in Rosebank employ fewer than 10 employees. This is representative of the majority of the participants in the survey, which includes both Rosebank Business Association (RBA) and Avondale Business Association (ABA).

Bearing the above in mind and comparing it to the profile of the target organisations in RBA and ABA, the researcher decided that the above groupings are appropriate for analysis of the findings of the current survey.

4.3.3 Position held in organisations

Managers in different positions in organisations participated in the research and are presented in Figure 3. The questionnaires were mostly completed by Chief Executive Officers and Directors, namely 39.3%. A total of 19.7% were in general manager and senior manager positions and 23% were in manager and supervisor positions. Only 3.3% completed the other category and the majority of which designated it as owner.
Bearing the demographic profile of the respondents discussed above in mind the various findings and results are presented in the following sections.

### 4.4 Overview of corporate ethics programmes

For analysis purposes of the various components the researcher decided to add the percentages together as it makes it possible to determine the overall usefulness or otherwise of the components of corporate ethics programmes in integrating ethics into an organisation’s culture. The researcher thus added together the ‘strongly agree’ and ‘agree’ percentages of respondents of each question in order to get an overview of the positive results. This is referred to as ‘agreed’ when discussing the findings. Similarly ‘strongly disagree’ and ‘disagree’ percentages were added together and are referred to as ‘disagreed’ to indicate negative results. Where applicable high ‘neutral’ responses are also reviewed separately, since it may be important for interpretation purposes. This process is followed below.

The aim of this section is to determine the overall views of respondents regarding corporate ethics programmes.
Questionnaire question number 1: The following are components, which are useful to integrate ethics into your organisation’s culture or way of thinking.

The usefulness of these components of corporate ethics programmes for integrating ethics into an organisation’s culture is presented in Figure 4, ranked by percentages.

**Figure 4: Useful components for integrating ethics into an organisation’s culture**

Most of the respondents indicated that these components are useful. A total of 90.2% agreed (52.5% strongly agree and 37.7% agree) that a code of ethics is useful and only 9.8% gave a neutral response. Nobody disagreed with this component. A total of 67.2% agreed (21.3% strongly agree and 45.9% agree) that ethical training programmes are useful and 21.3% gave a neutral response. This component received the most disagreed (11.5% disagree) responses for this question in Figure 4. A total of 80.3% agreed (29.5% strongly agree and 50.8% agree) that disciplining employees (compliance-based approach) is useful, 14.8% gave a neutral response and 4.9% disagreed (4.9% disagree). A total of 60.6% agreed (21.3% strongly agree and 39.3% agree) that rewarding employees is useful. This component received the most neutral (29.5%) response. Only 9.8% disagreed (9.8% disagree) with this component. The example set by senior executives was seen as the most useful component. A total of 98.4% agreed (68.9% strongly agree and 29.5% agree) with the statement that the example set by senior executives are the most useful component. Only a small percentage of respondents gave a neutral response (1.6%). Nobody disagreed with
this component. It can be deduced that all these components appear to be useful for integrating ethics into an organisation’s culture as a high percentage of all responses to all components fell into the ‘agree’ category. The mean and standard deviation for these components are presented in Table 1.

Table 1: Useful components for integrating ethics into an organisation’s culture

<table>
<thead>
<tr>
<th>Component</th>
<th>Mean (M)</th>
<th>Std. Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code of ethics</td>
<td>1.57</td>
<td>0.664</td>
</tr>
<tr>
<td>Ethical training</td>
<td>2.23</td>
<td>0.912</td>
</tr>
<tr>
<td>Discipline employees</td>
<td>1.95</td>
<td>0.797</td>
</tr>
<tr>
<td>Reward employees</td>
<td>2.28</td>
<td>0.907</td>
</tr>
<tr>
<td>Examples set by senior executives</td>
<td>1.33</td>
<td>0.504</td>
</tr>
</tbody>
</table>

Note: The scale used range from 1=Strongly agree to 5=Strongly disagree

Reviewing the mean it appears that these components are useful in integrating ethics into an organisation’s culture. The results should also be read in conjunction with the standard deviation to contextualise the spread of the response per component. It seems to suggest that examples set by senior executives is the most useful component (M=1.33, SD=0.504). Second highest is a code of ethics (M=1.57, SD=0.664). Third is disciplining employees (M=1.95, SD=0.797). Fourth is ethical training (M=2.23, SD=0.912) and least important is rewarding employees (M=2.28, SD=0.907). This is further investigated in Chapter 5.

Questionnaire question number 2: The following contribute significantly in sustaining an overall ethical culture in your organisation

In order to delve more deeply into the usefulness of the components of corporate ethics programmes, the components used to sustain an ethical culture in an organisation is presented in Figure 5, ranked by percentages.
Most of the respondents indicated that these components are useful. A total of 78.7% agreed (45.9% strongly agree and 32.8% agree) that a code of ethics is useful. Only 16.4% gave a neutral response and 4.9% disagreed (4.9% disagree). A total of 60.7% agreed (19.7% strongly agree and 41% agree) that ethical training programmes are useful and 23% gave a neutral response. Only 14.8% disagreed (14.8% disagree) with this component. A total of 70.5% agreed (27.9% strongly agree and 42.6% agree) that disciplining employees (compliance-based approach) is useful and 18% gave a neutral response and 11.5% disagreed (11.5% disagree).

A total of 57.4% agreed (24.6% strongly agree and 32.8% agree) that rewarding employees is useful to sustain an ethical culture. It received the highest neutral responses (31.1%) for this question in Figure 5. Of the respondents 11.4% disagreed (9.8% strongly disagree and 1.6% disagree) with the reward component. The example set by senior executives was seen as the most useful component as 96.7% agreed (63.9% strongly agree and 32.8% agree). Only a small number of respondents gave a neutral (3.3%) response. Nobody disagreed with this component. It can be deduced that these components seems to be useful for sustaining an ethical culture in
an organisation as a high percentage of respondents agreed with these components, except the reward component. The mean and standard deviation for these components are presented in Table 2.

| Table 2: Useful components for sustaining an ethical culture in an organisation |
|--------------------------------------------------|----------------|----------------|
| Code of ethics                                   | 1.80           | 0.883          |
| Ethical training                                 | 2.33           | 0.960          |
| Discipline employees                             | 2.13           | 0.948          |
| Reward employees                                 | 2.31           | 1.000          |
| Examples set by senior executives                | 1.39           | 0.552          |

Note: The scale used range from 1=Strongly agree to 5=Strongly disagree

Reviewing the mean it appears that these components are useful in sustaining an ethical culture. The results should also be read in conjunction with the standard deviation to contextualise the spread of the response per component. It again seems to suggest that examples set by senior executives is the most useful (M=1.39, SD=0.552). Second is a code of ethics (M=1.80, SD=0.883). Third is disciplining employees (M=2.13, SD=0.948). Fourth is reward employees (M=2.31, SD=1.000) and least important is ethical training (M=2.33, SD=0.960). This aspect is further analysed in Chapter 5.

4.5 Components of corporate ethics programmes

To delve even deeper into the research topic the next section focused on detail regarding each component of corporate ethics programmes itself.

4.5.1 Code of ethics

To determine whether respondents were eligible to answer question 4 of the survey
(questions regarding code of ethics), they had to indicate whether they had an existing code of ethics in their organisation or not.

**Questionnaire question number 3: Does your organisation have a code of ethics?**

The detail of this result regarding the existence of a code of ethics is presented in Figure 6.

**Figure 6: Existence of a code of ethics in organisations**

![Pie chart showing 57.4% yes and 42.6% no or don't know]

A total of 57.4% of respondents indicated that their organisation have a code of ethics. Only 42.6% indicated that they do not have a code or do not know about it. It is clear that a code of ethics is very important as more than half of the responding organisations indicated that they have a code of ethics in their organisation.

**Questionnaire question number 4: Indicate whether you agree or disagree with the following statements regarding a code of ethics in your organisation**

Participants answering this question were asked to rate on a scale how much they agreed or disagreed with various statements regarding a code of ethics. The results are presented in Figure 7.
The readers should again note that only those respondents who indicated that they did have a code of ethics in their organisation (Figure 6: Yes 57.4%) completed this section of the questionnaire. However, not all the respondents completed every question as presented in Figure 7 below, for example, only 57.3% of respondents answered the question regarding code familiarity, 60.6% answered the code awareness question, 60.6% answered that the code is communicated question and 60.7% answered the question regarding the adjustment of a code. These results are, however, reflected as a percentage response for presentation in this figure as being a 100% in terms of those respondents who answered this question.

**Figure 7: Code of ethics**

Most respondents agreed with these statements. The first statement was: “When employees are familiar with your organisation’s code of ethics it helps them to be competent in their ethical decision making.” A total of 91.3% agreed (37.1% strongly agree and 54.2% agree) with this statement and of those who actually answered it only 8.5% of responses were neutral. Nobody disagreed with this component. The second statement was: “When employees are aware that a code of ethics exists in your organisation they are encouraged to behave ethically.” A total of 94.8% agreed (38% strongly agree and 56.8% agree) with this statement, 2.6% gave a neutral response and 2.6% disagreed (2.6% disagree).
The third statement was: “When a code of ethics is adequately communicated to employees it positively influences their ethical work practices.” A total of 89.3% agreed (51.3% strongly agree and 38% agree) with this statement, 8.1% gave a neutral response and 2.6% disagreed (2.6% disagree). The last statement was: “A code of ethics should be constantly adjusted/updated in order to be of value to your organisation.” A total of 78.5% agreed (37.9% strongly agree and 40.6% agree) with this statement, 16.1% gave a neutral response and 5.4% disagreed (5.4% disagree). It can be deduced from these responses that a code of ethics is perceived to be useful for integrating ethics into an organisation’s culture. They indicate that a code is able to help employees to be competent in their ethical decision making when they are familiar with it. A code encourages employees to behave ethically when they are aware of it. A code also positively influences ethical work practices when it is adequately communicated to employees. The mean and standard deviation of the usefulness of codes of ethics are presented in Table 3.

**Table 3: Usefulness of codes of ethics**

<table>
<thead>
<tr>
<th></th>
<th>Mean (M)</th>
<th>Std. Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code familiarity</td>
<td>1.71</td>
<td>0.613</td>
</tr>
<tr>
<td>Code awareness</td>
<td>1.70</td>
<td>0.653</td>
</tr>
<tr>
<td>Code communicated</td>
<td>1.62</td>
<td>0.748</td>
</tr>
<tr>
<td>Adjust code</td>
<td>1.89</td>
<td>0.864</td>
</tr>
</tbody>
</table>

Note: The scale used range from 1=Strongly agree to 5=Strongly disagree

Reviewing the mean it appears that a code is of use to organisations. The results should also be read in conjunction with the standard deviation to contextualise the spread of the response per component. It appears as if a code of ethics is useful to employees when they are aware of its existence (M=1.70, SD=0.653) and when employees are familiar with it (M=1.71, SD=0.613). A code should be adequately communicated (M=1.62, SD=0.748) and needs to be adjusted (M=1.89, SD=0.864). This is further investigated in Chapter 5.
4.5.2 Ethics training

Participants were asked to rate on a scale how much they agreed or disagreed with various statements regarding ethics training which covered two questions in the survey questionnaire.

**Questionnaire question number 6: Indicate your view regarding the following statements concerning employee ethical training/education for your organisation**

The detail of this result is presented in Figure 8.

**Figure 8: Employee ethics training**

Most respondents agreed with all the statements. The first statement was: “Employees at all levels receive ethics training.” A total of 50.8% agreed (13.1% strongly agree and 37.7% agree) with this statement, 27.9% gave a neutral response and 21.3% disagreed (18% strongly disagree and 3.3% disagree). It is clear that only half of the respondents actually provide training. The second statement was: “Induction training helps employees become aware of ethical issues.” A total of 75.4% agreed (19.7% strongly agree and 55.7% agree) with this statement, 18% gave a neutral response and 6.5% disagreed (4.9% strongly disagree and 1.6% disagree). The third statement was: “Ethics training which is presented by external consultants
assists employees with ethical decision making.” A total of 22.9% agreed (1.6% strongly agree and 21.3% agree) with this statement, 31.1% gave a neutral response and 45.9% disagreed (36.1% strongly disagree and 9.8% disagree). It would appear that respondents perhaps have a preference for providing their own training. The fourth statement was: “It is necessary for ethics training to be custom-tailored to your organisation’s needs in order to assist employees with ethical decision making.” A total of 72.1% agreed (21.3% strongly agree and 50.8% agree) with this statement whilst 13.1% gave a neutral response and 14.7% disagreed (9.8% strongly disagree and 4.9% disagree). It may be deduced that this statement’s result provides support for the previous response. The fifth statement was: “The best training method is leading by example of organisation’s leaders.” A total of 91.8% agreed (60.7% strongly agree and 31.1% agree) with this statement, 6.6% gave a neutral response and 1.6% disagreed (1.6% disagree). The mean and standard deviation for employee ethics training are presented in Table 4.

Table 4: Employee ethics training

<table>
<thead>
<tr>
<th></th>
<th>Mean (M)</th>
<th>Std. Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All levels</td>
<td>2.61</td>
<td>1.028</td>
</tr>
<tr>
<td>Induction training</td>
<td>2.13</td>
<td>0.840</td>
</tr>
<tr>
<td>External consultants</td>
<td>3.31</td>
<td>0.966</td>
</tr>
<tr>
<td>Custom tailored</td>
<td>2.26</td>
<td>1.053</td>
</tr>
<tr>
<td>Leading by example</td>
<td>1.51</td>
<td>0.761</td>
</tr>
</tbody>
</table>

Note: The scale used range from 1=Strongly agree to 5=Strongly disagree

On reviewing the mean it appears that all of the above are useful to, for example, assist employees with ethical decision making. The results should also be read in conjunction with the standard deviation to contextualise the spread of the response per component. The most useful training method seems to be leading by example of an organisation’s leaders (M=1.51, SD=0.761). Furthermore, ethics training which is custom tailored (M=2.26, SD=1.053) to an organisation needs is perceived as more useful than training which is presented by external consultants (M=3.31, SD=0.966). Most organisations provide ethical training to all levels (M=2.61, SD=1.028) and
perceive induction training as important (M=2.13, SD=0.840). This is further investigated in Chapter 5.

**Questionnaire question number 7:** The following ethical training programmes enable ethics to be a routine part of employees’ daily work practices in your organisation

Participants were asked to rate on a scale how much they agreed or disagreed with the following approaches to ethics training. The results are presented in Figure 9.

**Figure 9: Ethical training programmes**

<table>
<thead>
<tr>
<th>Percentage of respondents</th>
<th>In-house workshops</th>
<th>External consultants</th>
<th>Case studies</th>
<th>Review of code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>11.5</td>
<td>3.3</td>
<td>6.6</td>
<td>9.8</td>
</tr>
<tr>
<td>Agree</td>
<td>54.1</td>
<td>31.1</td>
<td>34.4</td>
<td>49.2</td>
</tr>
<tr>
<td>Neutral</td>
<td>16.6</td>
<td>31.1</td>
<td>34.4</td>
<td>14.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>26.2</td>
<td>33.3</td>
<td>6.6</td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When comparing in-house workshops to external consultant delivered workshops the results seems to suggest that in-house workshops are more useful as 65.6% agreed (11.5% strongly agree and 54.1% agree) whilst 26.2% gave a neutral response and 8.2% disagreed (6.6% strongly disagree and 1.6% disagree). Conversely, only 34.4% agreed (3.3% strongly agree and 31.1% agree) that external delivered workshops are useful, 31.1% gave a neutral response and 34.5% disagreed (27.9% strongly disagree and 6.6% disagree).
When comparing case studies with a review of the code of ethics, it seems to suggest that a review of a code of ethics is more useful as 64% agreed (14.8% strongly agree and 49.2% agree). However, 26.2% gave a neutral response and 9.8% disagreed (9.8% disagree). Conversely, only 41% agreed (6.6% strongly agree and 34.4% agree) that case studies are useful, 34.4% gave a neutral response and 24.6% disagreed (21.3% strongly disagree and 3.3% disagree). The mean and standard deviation for ethical training programmes are presented in Table 5.

Table 5: Ethical training programmes

<table>
<thead>
<tr>
<th></th>
<th>Mean (M)</th>
<th>Std. Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house workshops</td>
<td>2.33</td>
<td>0.824</td>
</tr>
<tr>
<td>External consultants</td>
<td>3.03</td>
<td>0.991</td>
</tr>
<tr>
<td>Case studies</td>
<td>2.80</td>
<td>0.953</td>
</tr>
<tr>
<td>Review of the code of</td>
<td>2.31</td>
<td>0.839</td>
</tr>
<tr>
<td>ethics</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The scale used range from 1=Strongly agree to 5=Strongly disagree

Reviewing the mean it appears as if all of the above enable ethics to be a routine part of employees’ daily work practices in an organisation. The results should also be read in conjunction with the standard deviation to contextualise the spread of the response per component. The results seems to suggest that in-house workshops (M=2.33, SD=0.824) are more useful than external consultant delivered workshops (M=3.03, SD=0.991). Furthermore, a review of the code (M=2.31, SD=0.839) are perceived to be more useful than the case study approach (M=2.80, SD=0.953). The importance of in-house workshops, external consultants, case studies and a review of the code of ethics are analysed in more detail in Chapter 5.

4.5.3 Enforcement mechanisms

The responses regarding rewarding employees for ethical practices and disciplining employees for unethical practices are presented in this section. Various mechanisms are also reviewed.
Questionnaire question number 8: To make ethics part of all work practices in your organisation it is important to

The enforcement mechanisms, which include penalties, discipline, monetary as well as non-monetary rewards, are presented in Figure 10.

Figure 10: Enforcement mechanisms

The first statement was: “Enforce a code through penalties for non compliance.” A total of 49.2% agreed (16.4% strongly agree and 32.8% agree) whilst 26.2% gave a neutral response and 24.6% disagreed (21.3% strongly disagree and 3.3% disagree). Respondents thus seem divided on this statement. The second statement was: “Discipline employees for unethical behaviour.” A total of 77% agreed (21.3% strongly agree and 55.7% agree), 13.1% gave a neutral response and 9.8% disagreed (9.8% disagree). It is deduced that this statement was clearly supported by the majority of respondents.

Statement three was: “Reward employees for ethical behaviour by monetary incentives.” A total of 45.9% agreed (16.4% strongly agree and 29.5% agree) whilst 24.6% gave a neutral response and 29.5% disagreed (29.5% disagree). Statement four was: “Tailor rewards for ethical behaviour to employees’ needs.” A total of 70.5% agreed (19.7% strongly agree and 50.8% agree), 14.8% gave a neutral response and
14.8% disagreed (14.8% disagree). The mean and standard deviation for enforcement mechanisms are presented in Table 6.

**Table 6: Enforcement mechanisms**

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Mean (M)</th>
<th>Std. Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penalties</td>
<td>2.62</td>
<td>1.088</td>
</tr>
<tr>
<td>Discipline</td>
<td>2.11</td>
<td>0.850</td>
</tr>
<tr>
<td>Monetary rewards</td>
<td>2.67</td>
<td>1.067</td>
</tr>
<tr>
<td>Non-monetary rewards</td>
<td>2.25</td>
<td>0.935</td>
</tr>
</tbody>
</table>

Note: The scale used range from 1=Strongly agree to 5=Strongly disagree

Reviewing the mean it seems to suggest that all these are useful in making ethics part of all work practices in an organisation. The results should also be read in conjunction with the standard deviation to contextualise the spread of the response per component. It appears as if the disciplinary approach (M=2.11, SD=0.850) is preferred to the penalty approach (M=2.62, SD=1.088). Furthermore, non-monetary rewards (M=2.25, SD=0.935) are perceived to be more useful than monetary rewards (M=2.67, SD=1.067).

The question of rewarding is analysed in more detail in Chapter 5 to determine the refined preferences of respondents.

4.6 Developing ethics programmes

In this section participants were only asked to indicate who is responsible for developing an ethics programme in their organisation.

**Questionnaire question number 9: Who of the following are mainly responsible for developing ethics programmes in your organisation?**

The results are presented in Figure 11 below.

A total of 50.8% replied that the Chief Executive Officer is responsible for developing
ethics programmes. A total of 55.7% replied that the managing director is responsible and 39.3% replied that human resources professionals are responsible. A total of 55.7% replied that senior management is responsible. A total of 9.8% replied that the public relations manager is responsible whilst 9.8% replied with head office and 6.6% replied with external consultants. This last mentioned does seem to be the least preferred option.

4.7 Communication channels used to communicate ethical information

The last section that is reviewed required participants to rate how much they agreed or disagreed with the usefulness of various communication channels for informing employees about ethical information.

Questionnaire question number 5: In your organisation the following communication channels are seen as useful when informing employees about ethics
The results are presented in Figure 12 below. The findings are presented in categories which compare the 3 types of communication channels, namely: direct physical communication, written communication and communication technology.

**Figure 12: Most useful communication channels for informing employees about ethics**

Regarding the direct physical communication channel type, staff orientation appears to be the most useful for informing employees about ethics as 91.8% agreed (26.1% strongly agree and 65.7% agree) whilst 8.2% gave a neutral response. Nobody disagreed with this channel. Regular staff meetings follow this as 83.6% agreed (32.8% strongly agree and 50.8% agree), 9.8% gave a neutral response and 6.6% disagreed (6.6% disagree). Informal face to face discussion is also seen as useful as 82% agreed (29.5% strongly agree and 52.5% agree), 9.8% gave a neutral response and 8.2% disagreed (8.2% disagree). Training sessions are also useful because 73.8% agreed (23% strongly agree and 50.8% agree). A large number of respondents gave a neutral response (18%) and 8.2% disagreed (8.2% disagree). Formally arranged conferences were not seen to be very useful, because only 37.7% agreed (3.3%
strongly agree and 34.4% agree) whilst 37.7% gave a neutral response and 24.6% disagreed (21.3% disagree and 3.3% strongly disagree).

Regarding the communication technology channel type, e-mail seems to be useful as 57.4% agreed (16.4% strongly agree and 41% agree), 23% gave a neutral response and 19.7% disagreed (16.4% disagree and 3.3% strongly disagree). The Intranet was also seen as useful, as 52.5% agreed (11.5% strongly agree and 41% agree), 26.2% gave a neutral response and 21.3% disagreed (16.4% disagree and 4.9% strongly disagree). The Internet was not seen as very useful as only 34.4% agreed (13.1% strongly agree and 21.3% agree). A large number of respondents gave a neutral (27.9%) response and 37.7% disagreed (32.8% disagree and 4.9% strongly disagree) with this communication channel.

Regarding the written communication channel type newsletters have limited usefulness as 34.4% agreed (3.3% strongly agree and 31.1% agree). However, most responses were neutral (41%) and 24.6% disagreed (21.3% disagree and 3.3% strongly disagree). Booklets/brochures were at the same level as newsletters as only 34.4% agreed (3.3% strongly agree and 31.1% agree), 39.3% gave a neutral response and 26.3% disagreed (23% disagree and 3.3% strongly disagree). Lastly posters were regarded as having limited usefulness as a mere 36% agreed (4.9% strongly agree and 31.1% agree), 29.5% gave a neutral response and 34.4% disagreed (29.5% disagree and 4.9% strongly disagree).

The mean and standard deviation of communication channels is presented in Table 7 to enable further analysis of these results. This is done by again using the 3 above mentioned types of communication channels.

Reviewing the mean it seems reasonable to suggest that all these types of communication are useful. The results should also be read in conjunction with the standard deviation to contextualise the spread of the response per component. The direct physical communication channel is perceived to be the most useful as it reflects high prominent means cores.
Table 7: Most useful communication channels for informing employees about ethics

<table>
<thead>
<tr>
<th>Channel</th>
<th>Mean (M)</th>
<th>Std. Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet</td>
<td>2.95</td>
<td>1.122</td>
</tr>
<tr>
<td>Intranet</td>
<td>2.62</td>
<td>1.042</td>
</tr>
<tr>
<td>Email</td>
<td>2.49</td>
<td>1.050</td>
</tr>
<tr>
<td>Staff orientation</td>
<td>1.82</td>
<td>0.558</td>
</tr>
<tr>
<td>Training sessions</td>
<td>2.12</td>
<td>0.851</td>
</tr>
<tr>
<td>Regular staff meetings</td>
<td>1.90</td>
<td>0.826</td>
</tr>
<tr>
<td>Formally arranged conferences</td>
<td>2.87</td>
<td>0.895</td>
</tr>
<tr>
<td>Face to face discussions</td>
<td>1.97</td>
<td>0.850</td>
</tr>
<tr>
<td>Posters</td>
<td>2.98</td>
<td>0.999</td>
</tr>
<tr>
<td>Booklets/Brochures</td>
<td>2.92</td>
<td>0.892</td>
</tr>
<tr>
<td>Newsletter</td>
<td>2.90</td>
<td>0.881</td>
</tr>
</tbody>
</table>

Note: The scale used range from 1=Strongly agree to 5=Strongly disagree

It is presented in order from most useful to least useful: Staff orientations (M=1.82, SD=0.558), regular staff meetings (M=1.90, SD=0.826), face to face discussion (M=1.97, SD=0.850), training sessions (M=2.12, SD=0.851), formally arranged conferences (M=2.87, SD=0.895).

The communication technology channel is the second type of communication that appears to be useful when reviewing the mean. It is presented in order from most useful to least useful: Email (M=2.49, SD=1.050), Intranet (M=2.62, SD=1.042), and the least important is Internet (M=2.95, SD=1.122). This is further investigated in Chapter 5.

Reviewing the mean the written communication channel is perceived to be the third channel of communication that is useful. It is presented in order from most useful to least useful: Newsletters (M=2.90, SD=0.881), booklets/brochures (M=2.92, SD=0.892) and least useful are posters (M=2.98, SD=0.999).
4.8 Summary

The results presented in this chapter clearly suggest that all the components of corporate ethics programmes are useful when attempting to integrate ethics into an organisation’s culture. However, in the second section of this chapter it was found that certain components of corporate ethics programmes are perceived to be more useful than others for integrating ethics into an organisation’s culture. When reviewing the mean, bearing in mind the standard deviation spread results as well, it was found that the examples set by senior executives is perceived to be the most important, second is a code of ethics, third is disciplining employees, fourth is ethical training and lastly is rewarding employees. Findings are similar for sustaining an ethical culture with the only differences being that rewarding employees ranked fourth and ethical training last.

By delving deeper into the results of the survey and reviewing the components of corporate ethics programmes more specifically, it becomes clear that certain approaches are perceived as being more useful than others. In section four it was found that ethics training, which is custom-tailored to an organisation’s needs, appears to be more useful than ethics training presented by external consultants. In similar vein it appears that in-house workshops are more useful than external consultants’ workshops. Furthermore as found in section two, leading by example by an organisation’s leaders was again perceived to be the most useful for integrating ethics into an organisation’s culture.

In section five it was found that respondents seem to prefer the disciplinary approach to the penalty approach. Non-monetary rewards are also perceived to be more useful than monetary rewards when integrating ethics into an organisation’s culture.

Lastly, section seven focused on communication channels and the results clearly suggest that direct physical communication (staff orientations, regular staff meetings and face to face discussions and training sessions) are most useful when informing employees about ethics. This is followed by communication technology that was useful (e-mail and Intranet). The written communication channel is perceived to be the least useful (booklets/brochures and posters) and have also been identified.
The results presented in this chapter are discussed in more depth and analysed further in Chapter 5. Specifically follow up analyses by way of the ANOVA-Kruskal Wallis test are included and then examined where significant differences regarding the results are found.
CHAPTER 5

DISCUSSION AND ANALYSIS

5.1 Introduction

The discussion and analysis in Chapter 5 is based on the results of the e-survey presented in Chapter 4 and is integrated with the literature review undertaken in Chapter 2. The discussion and analysis of the results is divided into six sections for presentation purposes, as they relate to the questions posed in the questionnaire, designed to answer the research question presented in Chapter 1.

The first section comprises an analysis of the components of corporate ethics programmes. The second section analysis detail regarding codes of ethics. The third section analysis views regarding ethics training. The fourth section analyses views regarding enforcement mechanisms. The fifth section analysis the development of ethics programmes. The sixth section analysis the use of communication channels. Although it was placed fifth in the questionnaire this section of the analysis fits better at the end. After the analyses and deductions have been made, conclusions are drawn regarding the various components.

Finally conclusions are drawn in respect of every section as it applies to member organisations of the Rosebank Business Association (RBA) and Avondale Business Association (ABA) based on the discussion and analysis of the survey results and the comparative literature review.

Where applicable the results of the ANOVA-Kruskall Wallis test are presented and where significant differences are found it is discussed and analysed in more depth.

5.2 Overview of corporate ethics programmes

This section covers ethics components in various sub-sections which are separately discussed below.
Questionnaire question number 1: The following are components which are useful to integrate ethics into your organisation’s culture or way of thinking

5.2.1 Integrating ethics into an organisation’s culture

In this sub-section the specific components, which are useful in integrating ethics into an organisation’s culture are analysed and discussed in the sequence listed in the survey questionnaire.

Code of ethics

A code of ethics is apparently useful when integrating ethics into an organisation’s culture, as 90.2% of respondents agreed. Note that ‘strongly agree’ and ‘agree’ responses were combined (see fig 4, Chapter 4). Table 1 in Chapter 4 clearly shows that a code of ethics is regarded as the second most useful of all the components. The importance of a code is supported by Maheshwari and Ganesh (2006) who state that a code of ethics contributes significantly towards integrating ethics into an organisation. Trevino and Nelson (2007) agree that an ethical culture is created in the first place by developing a code of ethics.

It appears that a code of ethics plays an important role when integrating ethics into an organisation’s culture. It is suggested that member organisations of both RBA and ABA should pay specific attention to integrating the code of ethics into the overall organisation culture.

No significant differences were found when the data was analysed in more detail by applying the ANOVA-Kruskal Wallis test.

Ethics training

Ethical training can be perceived as useful as 67.2% of the respondents agree with this component. When the results presented in Table 1 are reviewed it is seen to be fourth most useful. It is clear that employees cannot be expected to act in accordance with
ethical policies should the organisation not support critical areas such as education (Wood & Callaghan, 2003; Wood et al., 2004).

An interpretation of this result is that both RBA and ABA regard ethical training as being useful in integrating ethics into an organisation’s culture, but regard it as less useful than a code of ethics.

However, after applying the ANOVA-Kruskal Wallis test, a significant difference was found between organisations of different sizes and the usefulness of ethical training when integrating ethics into an organisation’s culture. This result is shown in Table 8.

Table 8: Training to integrate ethics into an organisation’s culture

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Size of organisations</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small*</td>
<td>25</td>
<td>36.20</td>
<td></td>
</tr>
<tr>
<td>Medium**</td>
<td>14</td>
<td>29.86</td>
<td></td>
</tr>
<tr>
<td>Large***</td>
<td>21</td>
<td>24.14</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Organisations with fewer than 10 employees (As determined in Figure 2 in Chapter 4)
**11 to 50 employees (As determined in Figure 2 in Chapter 4)
***51 to more than 500 employees (As determined in Figure 2 in Chapter 4)
Missing cases: 1

Test Statistics\textsuperscript{a,b}

<table>
<thead>
<tr>
<th>Ethical training</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>6.159</td>
</tr>
<tr>
<td>df</td>
<td>2</td>
</tr>
<tr>
<td>Asymp. Sig</td>
<td>.046</td>
</tr>
</tbody>
</table>

\textsuperscript{a} ANOVA-Kruskal Wallis test  
\textsuperscript{b} Grouping Variable: Size of organisations

The results reveal that respondents of large organisations in particular perceive ethics training to be more useful than medium and small size organisations do when integrating ethics into an organisation’s culture. It is deduced that ethical training has more value when there are a large number of employees who need to be informed to perform ethically. An interpretation of this finding may be that training is perceived
as expensive and therefore appeal less to medium and small size organisations that have a smaller budget and are more concerned about expenses.

It appears that, although ethical training is listed as the fourth most useful component, there are some significant differences in its usefulness when organisation size is considered. It is also concluded that large organisations in RBA and ABA in particular are aware of the role of ethics training in sustaining and integrating ethics, but that medium and small organisations are perhaps less aware of this component.

**Discipline employees**

Disciplining employees for unethical practices seems useful when integrating ethics into an organisation’s culture as 80.3% of respondents agreed. It is deduced from Table 1 that disciplining employees is the third most useful component. The literature confirms that disciplining employees for unethical practices (compliance-based approach) is useful as it, for instance, facilitates important social learning as third parties become aware of the issues and the organisation’s values and standards are reinforced (Trevino et al., 1999; Weaver & Trevino, 2001; Wood & Callaghan, 2003). However, this approach has been criticised as it focused on the avoidance of punishments instead of self-determination. The most preferred approach in the literature seems to be the values-based approach as employees are not disciplined for unethical practices, but motivated to act in accordance with the values that are shared (Trevino, 1999).

It appears that RBA and ABA members support the compliance-based approach which differs from the literature review, but no significance in terms of size or organisation group was found.

**Reward employees**

Rewarding employees for ethical practices are perceived to be useful as 60.6% of the respondents agreed with this component. As indicated in Table 1, rewarding employees is, however, perceived as least useful. Weaver and Trevino (2001) suggest that reasons for opinions of this nature could be that when employees receive rewards
for expected ethical conduct it “… may conflict with some employees’ beliefs that ethical behaviour should be its own intrinsic reward, and that ethical behaviour is diminished in stature if it is rewarded” (p.125). Since more than half of the respondents still agreed with rewarding employees, it is deduced that, overall, it is perceived as useful. This is confirmed by researchers indicating that ethical behaviour should be encouraged and supported (Trevino, et al., 1998; Wood & Callaghan, 2003).

Rewarding employees is perceived to be useful and RBA and ABA regard it as an important component when integrating ethics into an organisation’s culture.

After applying the ANOVA-Kruskal Wallis test a significant difference was found between the different industries. The result is presented in Table 9 below.

**Table 9: Reward employees in order to integrate ethics into an organisation’s culture**

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Industry</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward employees</td>
<td>Manufacturing and construction</td>
<td>17</td>
<td>36.47</td>
</tr>
<tr>
<td>Retail and wholesale trade*</td>
<td>18</td>
<td>32.89</td>
<td></td>
</tr>
<tr>
<td>Transport, finance and community**</td>
<td>24</td>
<td>23.25</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>

* Retail, motor trade and repair services, wholesale trade, commercial agents and allied services (As determined in Figure 1 in Chapter 4)  
**Transport, storage and communications, finance and business services and community, social and personal services (As determined in Figure 1 in Chapter 4)  
Missing cases: 2

**Test Statistics**

<table>
<thead>
<tr>
<th></th>
<th>Reward employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>7.369</td>
</tr>
<tr>
<td>df</td>
<td>2</td>
</tr>
<tr>
<td>Asymp. Sig</td>
<td>.025</td>
</tr>
</tbody>
</table>

a. ANOVA-Kruskal Wallis test  
b. Grouping Variable: Industry
Respondents from the transport, finance and community industry (service sector) perceive rewarding employees as more useful than the other industries do for integrating ethics into an organisation’s culture. Retail and wholesale trade (sales related businesses) and manufacturing and construction (goods-producing sector) perceive it as less useful.

The reason for this may be that employees in the service sector have well identified goals to meet and it is consequently easier to measure employees’ performance, because the employer can probably determine how many people an employee has serviced. It is possible to reward employees, in accordance with their performance, to encourage them to engage in ethical practices. Weaver and Trevino (2001) confirm that employees need to be rewarded for ethical behaviour to ensure that ethics expectations are not regarded as an additional uncompensated burden. It is probably much more difficult to measure performance and rewarding employees with sales related businesses as it is not always possible to know how a person may have achieved the most sales. Weaver and Trevino (2001) point out that it is difficult to determine whether the most sales were achieved by long-term honest relationships or by lying to customers.

It appears that with manufacturing and construction it is difficult to measure outputs of employees and the extent of their ethical practices and thus difficult to reward as well. It also appears that RBA and ABA members in the transport, finance and community industry in particular differ about rewarding employees, but that it is generally useful as a component for integrating ethics into an organisation’s culture.

**Examples set by senior executives**

Respondents in the current study reported that examples set by senior executives is the most useful component for integrating ethics into an organisation’s culture because almost all the respondents agreed (98.4%) (see fig 4). Table 1 also indicates that the example set by senior executives is perceived as the most useful. The importance of the examples senior executives set is supported by Schultz et al. (2003) who state that ethical leadership plays an important role with regard to the effectiveness of ethics programmes.
It appears that both RBA and ABA regard the example set by managers to be of paramount importance in helping to integrate ethics into an organisation’s culture, but no supporting evidence in terms of the type and size of organisation is found.

However, this result needs to be interpreted with caution, given that the scope of this study only comprise employees in management positions. An implication could be that managers may be biased in believing that they play a major role in integrating ethics into their organisation’s culture, when in reality it may not be as important as it appears to be.

5.2.2 Sustaining an overall ethical culture in an organisation

In this section those components which contribute significantly in sustaining an overall ethical culture in an organisation are reviewed.

**Questionnaire question number 2: The following contribute significantly in sustaining an overall ethical culture in your organisation**

**Code of ethics**

A code of ethics seems to be useful in sustaining an ethical culture as 78.7% of the respondents agreed. As indicated in Table 2, a code of ethics is perceived to be the second most useful component. This is confirmed in the previous section where it is also found to be the second most useful component. The importance of a code is confirmed by Trevino and Nelson (2007) who state that an ethical code provides guidance about behaviour in specific areas, such as conflicts of interest.

It is deduced that an ethical culture is more easily sustained when a code of ethics is available because it can help to guide employees’ practices. RBA and ABA thus seem to regard a code of ethics to be useful in sustaining an ethical culture in an organisation.

No significant differences were found when the ANOVA-Kruskal Wallis test was applied.
**Ethical training**

The result seems to suggest that ethics training is useful in sustaining an ethical culture as a total of 60.7% of respondents agreed. However, there are some concerns as it is perceived to be the least useful when the results presented in Table 2 are reviewed. Salopek (2001) suggested that a reason for opinions of this nature may be that it is not an organisation’s role to tell people what their values should be. All people, when they enter the workplace, come with their own values. Jose and Thibodeaux (1999) also point out that values are learned at home and could be difficult to change. Because two thirds of the respondents nevertheless agreed with ethical training, it is deduced that, overall, it is perceived to be useful and valuable in raising the ethical consciousness of employees.

It is deduced that RBA and ABA regard ethical training to be useful in sustaining an ethical culture, but that it is less useful than a code of ethics.

No significant differences were found when the ANOVA-Kruskal Wallis test was applied.

**Discipline employees**

Disciplining employees for unethical practices is perceived as useful as 70.5% of the respondents agreed that this component helps to sustain an overall ethical culture. As indicated in Table 2, disciplining employees is perceived to be the third most useful component. This was confirmed in the previous section where it was also found to be the third most useful. DeConinck et al. (1995) confirm that unethical behaviour occurs in organisations because management does not discipline employees for unethical conduct. However, the literature views the values-based approach as more useful.

It appears that both RBA and ABA regard the compliance-based approach to be useful, but which differs from the literature review in sustaining an ethical culture in an organisation. No significant differences were found when the ANOVA-Kruskal Wallis test was applied.
Reward employees

Rewarding employees for ethical practices seems to be useful as a total of 57.4% of the respondents agreed that it is useful to sustain an overall ethical culture. As indicated in Table 2, rewarding employees is perceived as the fourth most useful component. The relative importance of rewarding employees is supported by Sims (1991) who states that to maintain an ethical organisation culture, it is necessary to reward employees for ethical behaviour and avoid rewarding them for unethical behaviour.

After applying the ANOVA-Kruskal Wallis test a difference of borderline significance was found between the different industries regarding the usefulness of rewarding employees for ethical practices in sustaining an ethical culture. This is presented in the Table 10.

Table 10: Rewarding employees for sustaining an ethical culture

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Reward employees</th>
<th>Industry</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing and construction</td>
<td>17</td>
<td>34.53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail and wholesale trade*</td>
<td>18</td>
<td>34.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport, finance and community**</td>
<td>24</td>
<td>23.71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>59</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Retail, motor trade and repair services, wholesale trade, commercial agents and allied services (As determined in Figure 1 in Chapter 4)
**Transport, storage and communications, finance and business services and community, social and personal services (As determined in Figure 1 in Chapter 4)
Missing cases: 2

Test Statistics

<table>
<thead>
<tr>
<th></th>
<th>Reward employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>5.913</td>
</tr>
<tr>
<td>df</td>
<td>2</td>
</tr>
<tr>
<td>Asymp. Sig</td>
<td>.052</td>
</tr>
</tbody>
</table>

a. ANOVA-Kruskal Wallis test
b. Grouping Variable: Industry
These results are based on a borderline significance of .052. However, they broadly support the argument presented in Table 9 because respondents from the transport, finance and community industry (service sector) viewed rewarding employees to be significantly more useful than the other industries did. Respondents from retail and wholesale trade (sales related businesses) and manufacturing and construction (goods-producing sector) perceived rewarding employees to be less useful, perhaps because it is difficult to measure performance and to reward employees accordingly.

One interpretation of this result is evidently that it should be viewed with circumspection due to the significant differences that were revealed. It is also deduced that the differences that exist particularly apply to the transport, finance and community industry category of RBA and ABA.

**Examples set by senior executives**

Examples set by senior executives are perceived as the most useful component in integrating ethics into an organisation’s culture, as 96.7% of the respondents agreed. It is deduced from Table 2 that the example set by senior executives is perceived as most useful. This is confirmed by the discussion in the previous section where it was identified as being the most useful in helping integration of ethics to take place. This result is supported by research (DeConinck, et al., 1995; Guillen et al., 2002) in that the ethical behaviour of employees is influenced by the ethical behaviour of top management. However, as discussed previously this result needs to be interpreted with caution, given that the scope for this study comprises employees in management positions only.

It is appears as if both RBA and ABA regard the example set by senior executives to be very important and useful in sustaining an ethical culture in an organisation.

No significant differences were found when the ANOVA-Kruskal Wallis test was applied.
5.3 Components of corporate ethics programmes

The following components are analysed in this section: Codes of ethics, ethics training, and enforcement mechanisms. Each of the component statements of the corporate ethics programmes section is discussed separately.

Questionnaire question number 3: Does your organisation have a code of ethics?

5.3.1 Existence of a code of ethics in the respondent organisations

A total of 57.4% of the respondents stated that their organisation had a code of ethics while 42.6% claimed that their organisations did not have a code of ethics or that they were not aware of it. This finding reflects previous research, as Somers (2001) found in a study (a sample of 613 management accountants from the United States) that 42% of the participants who were studied were ‘not sure’ whether their organisation had actually adopted a code of ethics or not. Somers (2001) also concluded that, although many organisations indicated that they did not have a code of ethics, they actually had adopted one, but that the non-supportive environment rendered these codes invisible.

It is deduced that some uncertainty in regard to the existence of a code of ethics exists in the results of the RBA and ABA survey. It is assumed that RBA and ABA member organisations reflect the international trend of ethics awareness and that this should be carefully borne in mind when analysing the results as was pointed out in Chapter 4 (section 4.5.1).

The results in Section 5.3.2, which follows, therefore only reflect the responses of respondents who indicated that they do have a code of ethics.

5.3.2 Elements of a code of ethics

Various statements regarding codes of ethics are analysed in this section as they were contained in the survey questionnaire.
Questionnaire question number 4: Indicate whether you agree or disagree with the following statements regarding a code of ethics in your organisation

Questionnaire statement (QS): When employees are familiar with your organisation's code of ethics it helps them to be competent in their ethical decision making

In all 91.3% of the respondents, who reported that their organisation have a code, agreed with this statement. It is deduced from Table 3 that a code is perceived to be useful to employees when they are familiar with it. It is also confirmed by empirically proven research that “… the perceived usefulness of the codes of ethics is positively related to the degree of familiarity with the code” (Maheshwari & Ganesh, 2006, p.81).

Familiarising employees with ethical codes helps to create awareness of ethical issues and consequently minimises uncertainty in decision-making situations. It is also deduced that RBA and ABA members agree that a code of ethics is useful as a component in helping with ethical decision making.

QS: When employees are aware that a code of ethics exists in your organisation they are encouraged to behave ethically

Altogether 94.8% of the respondents agreed with this statement. It is deduced from Table 3 that a code of ethics is perceived to be useful when employees are aware of its existence. This is confirmed by research findings that the presence of a code of ethics is an indication that management places value on ethical behaviour. In consequence employees are encouraged to behave ethically (Adams, et al., 2001).

It is deduced that a code of ethics leads to a more positive perception of the organisation’s ethical values, which should lead to higher levels of ethical behaviour by employees.

It also appears as if RBA and ABA members are very aware that a code will help employees to behave ethically.
**QS: When a code is adequately communicated to employees it positively influences their ethical work practices**

A total of 89.3% of the respondents agreed with this statement. It is deduced from Table 3 that it is perceived to be very important for a code to be adequately communicated to employees. From the literature it is clear that the importance of communicating a code of ethics should not be overlooked; DeConinck (2003) and Valentine and Barnett (2003) confirm this finding.

The results suggest that organisations need to adequately communicate their code of ethics to employees, because failure to do so could negate its ability to influence employee behaviour. It is also deduced that RBA and ABA members value the fact that a code needs to be communicated, as it will positively influence ethical work practice.

**QS: A code of ethics should be constantly adjusted/updated in order to be of value to your organisation**

A total of 78.5% of the respondents agreed with this statement. Gebler (2006) and Pepper (1995) confirm that a code will be of limited value if it is not written to include recognition of what ethical environment is desired and what the current ethical situation is.

It is important to maintain a code of ethics and that it should be regularly reviewed to maintain its value to an organisation. It is also deduced that RBA and ABA members regard the adjusting and updating of a code of ethics to be important.

Regarding the analysis in this section it must be noted that although the separate statements regarding a code of ethics are independently discussed above, they are in fact interdependent as adequate communication of the code can not take place if a code does not exist.

No significant differences were found in any areas of this section when the ANOVA-Kruskal Wallis test was applied.
5.3.3 Ethics training

In this section the statements concerning employee ethical training/education is presented.

Questionnaire question number 6: Indicate your view regarding the following statements concerning employee ethical training/education for your organisation

QS: Employees at all levels receive ethics training

Half of the respondents agreed (50.8%) that employees at all levels receive ethics training in their organisation (see fig 8). Harrington (1991) confirms that very few organisations have a corporate-wide ethics-training programme that all employees could attend. Barry (2002) also points out that in other cases ethics training would only focus on mid-level managers and leave out the boards of directors and senior management. It is deduced from Table 4 that training is perceived to be important for all levels. It is accepted that when all levels of employees receive ethics training, unethical behaviour is minimised as training draws attention to ethical issues to which employees may be exposed (Harington, 1991; Martens & Day, 1999; Weaver & Trevino, 2001).

An interpretation of this result is that ethical training is important, but that it could be selectively applied to particular levels of management only. It appears as if both RBA and ABA regard ethics training to be useful in sustaining an ethical culture in an organisation.

QS: Induction training helps employees to become aware of ethical issues

Three quarters of the respondents (75.4%) agreed with this statement, as shown in Figure 8 and in Table 4. Rossouw and Van Vuuren (2006) confirm in the literature that induction training is important because it is possible to thereby communicate to employees what the code of ethics entails and how it has to be applied. However, Wood and Callaghan (2003) caution that induction training may be ineffective as employees often do not yet understand the organisational culture well enough to be
able to decide which information is most important for the future whilst they are with the organisation.

It appears as if induction training is useful to an organisation, but that there are possible pitfalls. Both RBA and ABA regard induction training to be useful as it helps employees to become aware of ethical issues.

**QS: Ethics training which is presented by external consultants assist employees with ethical decision making**

Ethics training by external consultants to assist employees with ethical decision making is perceived as marginally useful as only 22.9% agreed with it (see fig 8). It can be deduced from Table 4 that ethics training, presented by external consultants, has some use, albeit limited. Training by consultants is also poorly supported in the literature, as Trevino et al. (1999) argue that the least effective approach to ethics training “… is one that relies on external consultants who deliver an hour of ethics training that has little to do with employees’ ongoing work” (p.147).

It is suggested that both RBA and ABA should consider carefully whether training by external consultants is worth while in terms of the results that were recorded.

**QS: It is necessary for ethics training to be custom-tailored to your organisation's needs in order to assist employees with ethical decision making**

Almost three quarters of respondents (72.1%) agreed that ethics training should be custom-tailored to an organisation's needs to assist employees with ethical decision making. Table 4 shows that it is perceived to be of use to organisations. The literature confirms that employees respond better to programmes that customise ethical issues they might have to deal with in their job situation (Brandl & Maguire, 2002; Martins & Day, 1999).

It is deduced that ethics training, which is custom tailored to employee job requirements, is useful as it can help employees with ethical decision making.
Furthermore as far as the RBA and ABA member organisations are concerned, custom-tailoring training is useful.

**QS: The best training method is leading by example of your organisation's leaders**

Almost all the respondents (91.8%) agreed with this statement. It is deduced from Table 4 that this is perceived as the most useful approach for enhancing ethics in an organisation. Researchers have the same viewpoint; Brandle and Maguire (2002) and Schultz et al. (2003) confirm that the best training method is education by example by the organisation’s leaders as they set an example for the entire organisation.

To make ethics an effective part of daily work practice, an organisation’s leaders must provide the example on a continuous basis. It appears that overwhelming support exists at both RBA and ABA regarding the importance of the example set by the leaders of organisations in promoting ethics.

No significant differences were found in any statements presented in this section when the ANOVA-Kruskal Wallis test was applied.

### 5.3.4 Ethical training programmes to enable ethics to be part of daily work practices

In this section the ethical training programmes that enable ethics to be a routine part of employees’ daily work practices are analysed. Particular statements are discussed together for optimal comparative analysis.

**Questionnaire question number 7: The following ethical training programmes enable ethics to be a routine part of employees’ daily work practices in your organisation**

**QS: In-house workshops and QS: External consultant delivered workshops**
Figure 9 shows that in-house workshops are perceived to be more useful, as 65.6% of the respondents agreed, whilst only 34.4% agreed with the contribution of external consultants. It is deduced from Table 5 that in-house workshops appear to be more useful than workshops delivered by external consultants in enabling ethics to be a routine part of employees’ daily work practice. This is confirmed in the literature as Wiley (1995) claims that in-house ethics training programmes “… provide more specific direction for dealing with potential ethical problems than general credos do, and they facilitate the awareness and practical application of a company’s code of ethics” (p.25). As discussed previously, ethics training by external consultants is poorly supported in the literature, the same applies to ethics training programmes devised by external consultants. This supports the argument that training by external consultants has many pitfalls.

It is deduced that RBA and ABA members apparently are careful when considering the use of workshops for enhancing ethics in the workplace delivered by external consultants.

**QS: Case studies and QS: A review of the code of ethics**

The case study approach seems useful as 41% of the respondents agreed (see fig 9) that it enables ethics to be a routine part of employees’ daily work practice. Conversely, a review of the code of ethics appears to be more useful as 64% of the respondents agreed. It is deduced that a review of the code of ethics is more important than the case study approach. Similarly Table 5 also shows that a review of the code of ethics is perceived to be more useful than the case study approach. This is confirmed in the literature by Barry (2002), Kaye (1996) and Weber (1993) who argue that a code of ethics is appropriate as it could enhance employees’ ability to make ethical decisions. At the same time various authors also claim that the case study approach is useful because the best training is perceived to be scenario-based (Harrington, 1991; Salopek, 2001; Wiley, 1995). On the other hand Harrington (1991) explains that the case study approach has been criticised, as one or two case studies are unable to cover the variety of issues which employees may encounter in their job. It also fails to provide problem solving skills and improved decision making as employees reason through the alternatives on their own.
The case study approach has various pitfalls and it is not surprising that members of the RBA and ABA prefer to review their code of ethics in preference to using case studies to enable ethics to be a routine part of employees daily work practice.

No significant differences were found in this section when the ANOVA-Kruskal Wallis test was applied.

5.3.5 Enforcement mechanisms

In this section, the various enforcement mechanisms are discussed and analysed.

**Questionnaire question number 8: To make ethics part of all work practices in your organisation it is important to:**

The analysis is executed and presented below in two sets of statements which are analysed together for optimal comparison.

**QS: Enforce a code of ethics through penalties for non-compliance and QS: Discipline employees for unethical behaviour**

Figure 10 shows that less than half of the respondents agreed (49.2%) that a code of ethics should be enforced through penalties for non-compliance, whilst 77% agreed that employees should be disciplined for unethical practices. It is deduced from Table 6 that respondents prefer the disciplinary approach to the penalty approach. In the literature, however, no particular approach is preferred as some argue that a code should be enforced through penalties for non-compliance (Werner & Schultz, 2007). On the other hand, it is also argued that organisations should create a context in which unethical behaviour is disciplined (Trevino et al., 1998; Wood & Callaghan, 2003).

It is deduced that RBA and ABA perceive the disciplinary approach to be more useful in making ethics part of their work practice than penalties for non-compliance.

No significant differences were found when the ANOVA-Kruskal Wallis test was applied to the results of these statements.
Figure 10 indicates that only 45.9% of the respondents agreed that employees should be rewarded by monetary incentives. Conversely, a very high number of respondents (70.5%) agreed that rewards should be tailored to employees' needs (non-monetary incentives). The literature supports the latter view; as various authors (Robbins, 2000; Werner & Schultz, 2007) argue that rewards for ethical conduct should be customised to the particular circumstances of individual employees. Rewards could include symbolic rewards (recognition and praise) and/or promotions rather than bonuses as the latter could reduce the status of ethical conduct in the mind of the employee who acts ethically.

It is deduced from Table 6 that non-monetary rewards are perceived to be more useful than monetary rewards. RBA and ABA members find non-monetary incentives useful in making ethics part of their employee work practice.

After applying the ANOVA-Kruskal Wallis test a significant difference was found between the different industries and their view regarding monetary incentives to make ethics part of all work practice in an organisation. This detail is shown in Table 11 below.

These results support the argument in Table 9 because respondents from the transport, finance and community industry (service sector) perceive this component (monetary rewards) to be significantly more useful than the other industries do, since it is easier for them to measure performance and reward employees by way of monetary incentives.

Retail and wholesale trade (sales related businesses) and manufacturing and construction (goods-producing sector) on the other hand perceived this component to be less useful, since they may find it difficult to measure performance and reward employees.
Table 11: Monetary rewards to make ethics part of work practices

Ranks

<table>
<thead>
<tr>
<th>Monetary rewards</th>
<th>Industry</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing and construction</td>
<td></td>
<td>17</td>
<td>34.06</td>
</tr>
<tr>
<td>Retail and wholesale trade*</td>
<td></td>
<td>18</td>
<td>37.64</td>
</tr>
<tr>
<td>Transport, finance and community**</td>
<td></td>
<td>24</td>
<td>21.40</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>

* Retail, motor trade and repair services, wholesale trade, commercial agents and allied services (As determined in Figure 1 in Chapter 4)
** Transport, storage and communications, finance and business services and community, social and personal services (As determined in Figure 1 in Chapter 4)
Missing cases: 2

Test Statistics\(^{a,b}\)

<table>
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a. ANOVA-Kruskal Wallis test
b. Grouping Variable: Industry

After applying the ANOVA-Kruskal Wallis test a significant difference was also found between the different industries and their view regarding non-monetary rewards to make ethics part of all work practices in an organisation. This detail is shown in Table 12 below.

These results support the argument in Table 9, because respondents from the transport, finance and community industry (service sector) perceive this component (non-monetary rewards) to be significantly more useful than the other industries in the survey do. Retail and wholesale trade (sales related businesses) and manufacturing and construction (goods-producing sector) perceived this component to be less useful.

It is suggested that RBA and ABA should take note of these significant differences and determine whether providing non-monetary awards could also assist sales related businesses as well as the goods-producing sector to make ethics part of all their work practices.
Table 12: Non-monetary rewards to make ethics part of work practices

<table>
<thead>
<tr>
<th>Non-monetary rewards</th>
<th>Industry</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manufacturing and construction</td>
<td>17</td>
<td>33.71</td>
</tr>
<tr>
<td></td>
<td>Retail and wholesale trade*</td>
<td>18</td>
<td>35.39</td>
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<td></td>
<td>Transport, finance and community**</td>
<td>24</td>
<td>23.33</td>
</tr>
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<td></td>
<td>Total</td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>

* Retail, motor trade and repair services, wholesale trade, commercial agents and allied services (As determined in Figure 1 in Chapter 4)
**Transport, storage and communications, finance and business services and community, social and personal services (As determined in Figure 1 in Chapter 4)
Missing cases: 2

Test Statistics$^{a,b}$

<table>
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<td>Chi-Square</td>
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<td>df</td>
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<tr>
<td>Asymp. Sig</td>
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</tbody>
</table>

$^a$ ANOVA-Kruskal Wallis test  
$^b$ Grouping Variable: Industry

5.4 Developing ethics programmes

In this section the developing of ethics programmes is analysed.

Questionnaire question number 9: Who of the following are mainly responsible for developing ethics programmes in your organisation?

Figure 11 indicates that the following designated positions received a high response: Chief Executive Officer (50.8%), managing director (55.7%), senior management (55.7%) and human resources professionals (39.3%). The literature confirms that people in these positions are mainly responsible for developing ethics programmes. Various researchers argue that human resources (Erasmus & Wordsworth, 2004; Dowling & Welch, 2004), management (Brenner, 1992; Paliwoda, 2005), the board of directors and executive management (Pomeroy, 2007; Wiest, 2007) have a role to
play. As Figure 11 indicates the following received a low response: Public relations manager (9.8%), head office (9.8%) and external consultant (6.6%). It is deduced that the low response in respect of these parties and the lack of literature confirms that they are not perceived to play an important role in the development of ethics programmes.

It appears that RBA and ABA make use of those categories of people, who are seen to be most appropriate, to develop ethics programmes. They should continue to do it this way, since the results and the literature support this approach.

5.5 Communication channels used to communicate ethical information

In this section, the various communication channels used to communicate ethical information are discussed and analysed. This is executed in terms of the three types of channel identified in Chapter 4 (section 4.7) namely, direct physical communication channel, communication technology channel and written communication channel, each of which is discussed in a separate sub-section below.

Questionnaire question number 5: In your organisation the following communication channels are seen as useful when informing employees about ethics:

5.5.1 Direct physical communication channel

Figure 12 indicates that the direct physical communication channel (staff orientation, regular staff meetings, face to face discussion and training sessions) is perceived to be most useful when informing employees about ethics. It is similarly deduced from Table 7 that this type of communication is the most useful. Staff orientation is regarded as being important by 91.8% of all respondents. This is confirmed in the literature where Fulk and Collins-Jarvis (2001) point out that direct physical communication is very effective, because it ranks high in social presence and is seen as the richest medium. Rossouw and Van Vuuren (2006) and Stevens (1999) also confirm that training and orientation is a source for learning about ethics. Andres (2002) and Berry (2006) point out that direct physical communication channels make
It possible to communicate the importance of the message to employees more easily as they allow the simultaneous communication of multiple cues, like body language and tone of voice.

It appears that RBA and ABA are making use of the richest channel (direct physical communication) when communicating ethical information to their employees and are, as a result, minimising miscommunication.

After applying the ANOVA-Kruskal Wallis test a significant difference was found between the different industries and their view regarding staff meetings in making ethics part of all work practices in an organisation. This is shown in Table 13.

**Table 13: Regular staff meetings to inform employees about ethics**

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Regular staff meetings</th>
<th>Size of organisations</th>
<th>N</th>
<th>Mean Rank</th>
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<td></td>
<td>Small*</td>
<td>25</td>
<td>32.16</td>
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<td></td>
<td>Medium**</td>
<td>14</td>
<td>37.32</td>
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<td></td>
<td>Large***</td>
<td>21</td>
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<td></td>
<td>Total</td>
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*Organisations with fewer than 10 employees (As determined in Figure 2 in Chapter 4)
**11 to 50 employees (As determined in Figure 2 in Chapter 4)
***51 to more than 500 employees (As determined in Figure 2 in Chapter 4)

Missing cases: 1

**Test Statistics**

<table>
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<th>df</th>
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a. ANOVA-Kruskal Wallis test
b. Grouping Variable: Size of organisations

Respondents from large sized organisations perceive regular staff meetings to be significantly more useful than the other sized organisations do when informing employees about ethics. A reason could be that large organisations could perhaps deal more easily with complex issues regarding ethics in meetings, as they probably also do more business with organisations in other countries. Regular staff meetings
make it easier to deal with issues of concern as senders could ensure that receivers understand the message. This is confirmed in the literature by Berry (2006) who indicates that face to face communication makes it possible to deal with complex issues as senders are able to receive feedback from receivers and check their interpretations.

Regular staff meetings are not seen to be similarly useful for small and medium sized organisations in informing employees about ethics. It is deduced that they may in most cases deal with businesses on a national or local level where the ethical issues they face are less complex. It is assumed that the need to meet face to face may be limited as it is most useful when employees need to deal with complex issues.

It is deduced that differences exist between the different sized organisations in RBA and ABA regarding the usefulness of regular staff meetings. Large organisations prefer to make use of regular staff meetings in order to inform employees about ethical information. Conversely, small and medium sized organisations do not see regular staff meetings to be as useful as large organisations do.

5.5.2 Communication technology channel

It is shown in Figure 12 that the communication technology channel (e-mail, Intranet and Internet) is perceived to be useful when informing employees about ethics as 57.4% of the respondents regard the using of e-mail as very important. It is deduced from Table 7 that the communication technology channel is the second most useful. In the literature researchers (Berry, 2006; Dolphin, 2005; Tunstall, 1999) confirm that e-mail is useful by stating that the fast delivery and turnaround of e-mail allows for clarification when necessary and that it is sufficient for communicating straightforward documents. The Intranet did not, as Lehmuskallio (2006) suggests in the literature, surpass all other communication channels but it was still found to be useful. Previous research indicated that the Intranet is useful because it is not restricted in space and time and it makes it possible to arrange the necessary data efficiently in terms of employees’ needs (Banck & Nyström, 2005; Bottazzo, 2005).
It appears that RBA and ABA mainly make use of two communication technology means (e-mail and Intranet) which assist them with communicating the necessary information to employees to make ethics part of their work practice.

After applying the ANOVA-Kruskal Wallis test a significant difference was found between the different industries and their view regarding the use of Intranet in making ethics part of all work practice in an organisation. This is shown in Table 14.

Table 14: The use of Intranet to inform employees about ethics

<table>
<thead>
<tr>
<th>Intranet</th>
<th>Size of organisations</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small*</td>
<td>25</td>
<td>37.52</td>
<td></td>
</tr>
<tr>
<td>Medium**</td>
<td>14</td>
<td>26.82</td>
<td></td>
</tr>
<tr>
<td>Large***</td>
<td>21</td>
<td>24.60</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Organisations with fewer than 10 employees (As determined in Figure 2 in Chapter 4)
**11 to 50 employees (As determined in Figure 2 in Chapter 4)
***51 to more than 500 employees (As determined in Figure 2 in Chapter 4)
Missing cases: 1

Test Statistics<sup>a,b</sup>

<table>
<thead>
<tr>
<th>Intranet</th>
<th>Chi-Square</th>
<th>df</th>
<th>Asymp. Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.812</td>
<td>2</td>
<td>.020</td>
</tr>
</tbody>
</table>

<sup>a. ANOVA-Kruskal Wallis test</sup>
<sup>b. Grouping Variable: Size of organisations</sup>

Respondents from large and medium sized organisations perceive the Intranet to be much more useful than small organisations do to inform employees about ethics.

It is deduced that due to the number of employees in large organisations they acknowledge the value of the Intranet as they are able to inform all employees about ethics. This is confirmed in the literature by Guillen, et al. (2002) who highlights that formal communication is important for large organisations as the formalisation clarifies guidelines for conduct and makes it possible to communicate ethical issues to all levels of the organisation. In small sized organisations the Intranet is perceived to
be much less useful. The reason could be that the Intranet does not appeal to them as they may be concerned about the high cost of internal communication. Due to the small number of employees in such organisations it would also be easier to communicate information regarding ethics directly to all employees. This is confirmed in the literature by Guillen, et al. (2002) who point out that informal communication is sufficient to communicate ethical issues in small organisations as it is possible to reach employees at all levels of the organisation directly.

Differences appear to exist in the different sized organisations of the RBA and ABA regarding the usefulness of the Intranet for informing employees about ethics.

5.5.3 Written communication channel

The written communication channel (newsletters, booklets/brochures and posters) also seems useful as shown in Figure 12. It is deduced from Table 7 that written communication is perceived to be the third most useful. Researchers suggest that ethics messages should be reinforced in communication materials (Brenner, 1992; Trevino & Nelson, 2007). It thus helps to maintain organisational ethical awareness.

RBA and ABA members are actively making use of written communication to ensure that employees remain aware of ethical issues.

After applying the ANOVA-Kruskal Wallis test a significant difference was found between the different industries and their view regarding the use of booklets/brochures in making ethics part of all work practice in an organisation. This is shown in Table 15 below.

Respondents from the manufacturing and construction industry (goods-producing sector) perceive booklets/brochures to be significantly more useful than the other industries do when informing employees about ethics. It may be deduced that there might be less emphasis on direct communication between employees and management as management are not always in the same location as employees. It is thus easier to distribute printed materials which employees could use when needed. Conversely, it may be possible that staff and management may be more engaged with
employees in the service industry and sales related businesses as managers probably share the same building with employees. When employees have concerns it may be easier for them to talk directly to their manager.

It is also deduced that differences appear to exist in the different industries that belong to the RBA and ABA concerning the usefulness of booklets/brochures.

### Table 15: Booklets/brochures to inform employees about ethics

<table>
<thead>
<tr>
<th>Booklets/brochures</th>
<th>Industry</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing and construction</td>
<td>17</td>
<td>21.97</td>
<td></td>
</tr>
<tr>
<td>Retail and wholesale trade*</td>
<td>18</td>
<td>29.42</td>
<td></td>
</tr>
<tr>
<td>Transport, finance and community**</td>
<td>24</td>
<td>36.12</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59</strong></td>
<td><strong>-</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Retail, motor trade and repair services, wholesale trade, commercial agents and allied services (As determined in Figure 1 Chapter 4)

**Transport, storage and communications, finance and business services and community, social and personal services (As determined in Figure 1 Chapter 4)

Missing cases: 2

### Test Statistics*a,b

<table>
<thead>
<tr>
<th>Chi-Square</th>
<th>df</th>
<th>Asymp. Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.569</td>
<td>2</td>
<td>.023</td>
</tr>
</tbody>
</table>

a. ANOVA-Kruskal Wallis test  

b. Grouping Variable: Industry

### 5.6 Summary

In this chapter discussion and analysis of the results of the survey was undertaken after executing comparisons with the literature. Thereafter deductions were made and results discussed in terms of their implications.

It is clear that the components of corporate ethics programmes are perceived to be useful in integrating ethics into an organisation’s culture. One of the most useful and
vital aspects of integrating ethics into an organisation is the example set by senior executives. These results are in line with the literature and are concluded to be the approach which is regarded as very important to member organisations of RBA and ABA. However, as employees in management positions participated in the study the results could be biased.

A code of ethics and ethics training is also perceived to foster an ethical environment. Significant differences were found which pertain to large organisations as ethics training was found to be more beneficial to them than to small and medium sized organisations. Disciplining employees for unethical practices (compliance-based approach) and rewarding employees for ethical practices were perceived to be important in making ethics part of all work practice by members of the RBA and ABA. A significant finding was that the transport, finance and community sectors view rewarding (monetary and non-monetary) employees as more useful than the other industries do.

When the channels of communication were analysed, three groups of communication channels were identified. Direct physical communication is perceived as the most useful for informing employees about ethics. A significant finding was that regular staff meetings were found to be of more use for large organisations than for small or medium sized organisations. Communication technology is also identified as useful. More specifically the Intranet was found to be significantly more useful to large and medium sized organisations than to small sized organisations. Written communication is also perceived to be useful for informing employees about ethics. Booklets/brochures were found to be significantly more useful to the manufacturing and construction sector than to other industries.

It is clear from this discussion and analysis that both RBA and ABA perceive the components of corporate ethics programmes to be useful in integrating ethics into an organisation’s culture. Communication channels are also more useful to certain industries and sized organisations.

In the final chapter conclusions are drawn and recommendations are made as they pertain to RBA and ABA. Finally areas for further research are identified.
CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The purpose of this dissertation was to determine how useful the various components of corporate ethics programmes are in integrating ethics into an organisation’s culture. The research in respect of these components consisted of a literature review and an e-survey that was conducted, in the last quarter of 2007, amongst member organisations of the Rosebank Business Association (RBA) and the Avondale Business Association (ABA) in Auckland. The findings of the e-survey were presented in six categories of data and discussion and analysis thereof was subsequently presented.

The conclusions drawn from this data, as well as recommendations and suggestions for further research are presented in this chapter as it specifically apply to both RBA and ABA.

6.2 Conclusions

In this section, the conclusions based on Chapter 5 are consolidated in order to provide an overall view of the study.

*The example set by senior executives*

It is concluded that the example set by senior executives is perceived as being very important in integrating ethics into an organisation’s culture. It is the most useful training method found in this study, because the ethical behaviour of employees is profoundly influenced by the ethical behaviour of top management. Corporate ethics programmes are consequently probably ineffective in organisations without ethical leadership. Ethical leadership is the glue which holds all the components together in order to integrate ethics successfully into an organisation’s culture, not only in theory (as highlighted in the literature survey), but also in the currently executed empirical study.
**Code of ethics**

It is concluded that a code of ethics is perceived as useful in integrating ethics into an organisation’s culture. The reasons found were that familiarity with, and awareness of an ethical code enhances employees’ ability to be competent in their ethical decision making and encourages them to behave ethically. A corollary is that in order for a code to influence employees’ ethical behaviour, it is essential that the code should be adequately communicated to them.

**Disciplining employees**

It is concluded that disciplining employees for unethical practice (compliance-based approach) is useful in integrating ethics into an organisation’s culture. It was found that respondents prefer the disciplinary approach to the penalty approach in making ethics part of their work practice.

**Ethics training**

It is concluded that ethics training is perceived to be useful to a limited extent in integrating ethics into an organisations culture. This is because there is a concern that employees may have values that have been learned at home, which differ from those of the employing organisation and as a result could be difficult to change. It is concluded that ethics training is valuable in as much as it is possible to raise the ethical consciousness of employees, provided that it does not fundamentally clash with an employee’s own values as this could lead to conflict between the employee and the organisation.

**Induction training and in-house training**

It is concluded that induction training and in-house training are regarded as useful to employees as they are able to become aware of ethical issues and enable ethics to be a routine part of their daily work practice. However, training by external consultants should be considered carefully as many pitfalls exist. For example, external consultants could deliver ethics training that has little to do with employees’ ongoing work and would consequently be of little value to an organisation. Conversely, ethics training which is custom-tailored to an organisation’s needs may perhaps assist employees with ethical decision making.
Review of a code of ethics

It is concluded that a review of a code of ethics is perceived to be more useful than a case study approach because it enhances an employees’ ability to make ethical decisions. Since significant differences were found which pertain to large organisations regarding ethics training, it is concluded that it is more beneficial to them than small and medium sized organisations.

Rewarding employees

It is concluded that rewarding employees is regarded as useful in integrating ethics into an organisation’s culture. However, non-monetary rewards are perceived to be more useful than monetary awards. A significant finding was that the transport, finance and community industries regard the rewarding (monetary and non-monetary) component of corporate ethics programmes to be more useful than the other industries (manufacturing and construction, retail and wholesale trade) do in integrating ethics into an organisation’s culture.

Communication channels

It is concluded that, where the communication channels are concerned, direct physical communication is perceived to be the most useful way of informing employees about ethics. In fact, large organisations view regular staff meetings to be more useful than small or medium sized organisations do for informing employees about ethics. The communication technology channel is also regarded as useful and the Intranet is significantly more useful to large and medium sized organisations than to small sized organisations for informing employees about ethics. The written communication channel is also perceived to be useful to organisations when informing employees about ethics. A significant finding is that booklets/brochures are more useful to manufacturing and construction industries than to the other industries and it is concluded that other industries could consider making more use of them.

It is concluded that all the components (code of ethics, employee ethics training and enforcement mechanisms) of corporate ethics programmes, are perceived to be useful in integrating ethics into an organisation’s culture. Certain components of corporate ethics programmes are regarded as more useful (codes of ethics and discipline employees) than others (ethical training and rewarding employees). The example set
by senior executives is regarded to be the single most useful component as ethics programmes are ineffective without ethical leadership of an organisation. Direct physical communication is also perceived to be the most useful way of informing employees about ethics.

Bearing the above in mind, the overall conclusion is that the research question and sub-questions set in Chapter 1 have been answered in terms of the requirements for a 60 credit dissertation.

6.3 Recommendations

The following are the recommendations that flow from the conclusions of this study as they apply to RBA and ABA in Auckland.

- Senior executives should continue to set the example regarding ethical behaviour to ensure that corporate ethics programmes are effective
- Codes of ethics need to be continuously communicated to employees to influence behaviour on an ongoing basis
- Disciplining employees, to dissuade them from engaging in unethical practices in future, would make a big impact on them
- Large organisations should continue to provide ethical training to employees to raise ethical consciousness and prevent possible occurrences of unethical incidents that could damage an organisation’s reputation
- It is not only organisations in the transport, finance and community industry that need to encourage and support ethical practices by means of rewarding, but stronger support should be provided by other industries as well
- Large organisations in particular should continue to inform employees about ethics by making use of regular staff meetings, whilst other industries should make more use of this approach as well
- Large and medium sized organisations should continue to inform employees about ethics by making use of the Intranet
- Organisations in manufacturing and construction should continue to inform employees about ethics by making use of booklets/brochures, whilst the other industries should make more use of this approach as well.

6.4 Limitations

All research has certain limitations, and this also applies to this dissertation. A quantitative approach was chosen for this research project which, for instance, made it difficult to determine whether a question was misinterpreted or ambiguous as the “researcher is independent from that being researched” (Collis & Hussey, 2003, p 49). Consequently the researcher may unknowingly have collected some inaccurate information.

The sample for the study only included employees in management positions and as a result the researcher may perhaps have collected some biased information. The sample also included management employees from 2 business associations in New Zealand only, and consequently the results may not be generally applicable across the country.

This project represents only 60 credits and is therefore of limited value, as opposed to a 90 or 120 credits thesis, which is much more comprehensive in scope and depth of analysis. The researcher therefore did not collect qualitative data to compare with the e-survey data for a deeper understanding of corporate ethics programmes and communication channels used in organisations in RBA and ABA.

6.5 Areas for further research

Various areas for further research, which stem from the analysis of the findings, have been identified in this research project. Suggestions are made in this section about areas which could be fruitfully researched to enhance the understanding of ethics in business organisations in New Zealand.

There is some uncertainty regarding the existence of a code of ethics in the targeted organisations. It may be that many have actually adopted one, but that the non-
supportive environment renders codes invisible. There is consequently a need for further research to determine whether organisations in New Zealand, who claim that they do not have a code, may in fact have one and if they do the nature and extent of such a code of ethics should be determined.

In the literature and the empirical results of this study, it was concluded that uncertainty exists as to whether the value-based approach or the compliance-based approach is more useful in integrating ethics into an organisation’s culture. Uncertainty thus exists as to whether the penalty or discipline approach is more useful. A bigger sample, covering the whole of New Zealand, may shed more light on organisations’ preferences in this regard.

More research regarding the type of training programme is suggested, because current research results are inconclusive as to whether case studies measurably assist employees with ethical decision making. A qualitative research project focusing only on the use and value of case studies in ethics training in New Zealand could be very valuable to organisations of all sizes and all industries that were surveyed.

It is suggested that a research project be undertaken to evaluate whether rewarding or not rewarding employees has more value in integrating ethics into an organisation. The literature seems to support both views. Although it was found that rewards are useful, a bigger sample may be more accurate in this regard in the New Zealand context and may shed more light on this matter.

It is also suggested that a similar, but obviously much larger research project be undertaken where both quantitative and qualitative methods are employed. It would result in obtaining a much deeper understanding of corporate ethics programmes and communication channels used in organisations.

It is inconclusive as to why the manufacturing and construction industry (goods-producing sector) perceive booklets/brochures to be significantly more useful than the other industries when informing employees about ethics. In this regard a qualitative research project may determine why it is more useful and may also determine the nature and extent of such booklets/brochures.
Communicating ethical information to employees is important in integrating ethics into an organisation’s culture. More specifically the direct physical communication channel is perceived as the most useful in informing employees about ethics. Therefore more research in this area could be very fruitful to both academic researchers and industry.

In closing, it has been resoundingly concluded in this dissertation that it would be extremely challenging to integrate ethics successfully into an organisation’s culture by means of a corporate ethics programme, if it did not have the support of and the example set by senior executives. It is also vital for organisations to consider the size and the industry they belong to when deciding which communication channels to use in informing employees about ethics. This is important since certain communication channels are perceived to be of more use to specific sized organisations as well as certain industries.
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Appendix A

Participant information and consent form

INTEGRATING ETHICS INTO AN ORGANISATION’S CULTURE

My name is Liza Nel and I am currently working on the final research project for my Masters degree in International Communication at Unitec New Zealand in Auckland. This research project focuses on determining how useful the components (code of ethics, employee ethics training, disciplining and rewarding employees) of corporate ethics programmes are in integrating ethics successfully into an organisation’s culture.

Your involvement in this research study
I would highly appreciate your participation in this survey. The information I need to gather from you are, amongst others; background information of your organisation with regard to employee numbers and industry type and the effectiveness of a code of ethics and employee ethics training. The information collected will be of value to managers as they will be able to know, for example, how useful a code of ethics and ethics training is to successfully integrate ethics into their organisation’s culture.

Should you agree to participate in the research project as a respondent, please complete the electronic questionnaire online at:

http://www.entreprof.com

This questionnaire should take about 10 minutes to complete.

Issues of confidentiality
The results of the questionnaire will only be used for my research project. All the information you provide will be confidential to my supervisors and me. All participants will be anonymous. Therefore no personal information concerning your organisation or you will ever be made public either during, or after the completion of this study. The completed questionnaires will be destroyed once the study has been completed.

This survey is conducted with the approval of the Unitec New Zealand ethics committee. The confirmation letter is available on request.

Should you have questions at any time about the survey you may contact the researcher, Liza Nel by e-mail at nell01.studentmail.unitec.ac.nz or one of her supervisors, Dr Andries du Plessis at aduplessis@unitec.ac.nz or Donna Henson at dhenson@unitec.ac.nz.

Please note: Completing and submitting this survey is regarded as informed consent.

Thank you for your time and participation in this research project.

Liza Nel
Communication Student
Appendix B

E-Survey

Please complete our questionnaire to assist us in determining how to successfully integrate ethics into organisations. We would like to know, for example, which training programmes help employees the most with ethical decision making and the usefulness of codes of ethics.

1. The following are components which are useful to **integrate** ethics into your organisation’s culture or way of thinking:

<table>
<thead>
<tr>
<th>Component</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>A code of ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical training programmes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discipline employees for unethical practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reward employees for consistent ethical practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examples set by senior executives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. The following contribute significantly in **sustaining** an overall ethical culture in your organisation:

<table>
<thead>
<tr>
<th>Component</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>A code of ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical training programmes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discipline employees for unethical practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reward employees for consistent ethical practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examples set by senior executives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Does your organisation have a code of ethics?
   - Yes
   - No or do not know
4. Indicate whether you agree or disagree with the following statements regarding a code of ethics in your organisation:

<table>
<thead>
<tr>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>When employees are familiar with your organisation’s code of ethics it helps them to be competent in their ethical decision making</td>
</tr>
<tr>
<td>When employees are aware that a code of ethics exists in your organisation they are encouraged to behave ethically</td>
</tr>
<tr>
<td>When a code is adequately communicated to employees it positively influences their ethical work practices</td>
</tr>
<tr>
<td>A code of ethics should be constantly adjusted/updated (to current ethical situation) in order to be of value to your organisation</td>
</tr>
</tbody>
</table>

5. In your organisation the following communication channels are seen as useful when informing employees about ethics:

<table>
<thead>
<tr>
<th>Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet</td>
</tr>
<tr>
<td>Intranet</td>
</tr>
<tr>
<td>E-mail</td>
</tr>
<tr>
<td>Staff orientation</td>
</tr>
<tr>
<td>Training sessions</td>
</tr>
<tr>
<td>Regular staff meetings</td>
</tr>
<tr>
<td>Formally arranged conferences</td>
</tr>
<tr>
<td>Informal face to face discussions with supervisors/colleagues</td>
</tr>
<tr>
<td>Posters</td>
</tr>
<tr>
<td>Booklets/Brochures</td>
</tr>
<tr>
<td>Newsletter (in print and electronic)</td>
</tr>
</tbody>
</table>
6. Indicate your view regarding the following statements concerning employee ethical training/education for your organisation:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees at all levels receive ethics training in your organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Induction training helps employees to become aware of ethical issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethics training which is presented by external consultants assists</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is necessary for ethics training to be custom-tailored to your</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The best training method is leading by example of your organisation’s</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. The following ethical training programmes enable ethics to be a routine part of employees' daily work practices in your organisation:

<table>
<thead>
<tr>
<th>Programme</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house workshops (management delivered)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External consultant delivered workshops</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case studies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A review of the code of ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. To make ethics part of all work practices in your organisation it is important to:

<table>
<thead>
<tr>
<th>Action</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enforce a code of ethics through penalties for non-compliance (E.g.</td>
<td></td>
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<tr>
<td>Discipline employees for unethical behaviour (E.g. suspension)</td>
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<tr>
<td>Reward employees for ethical behaviour by monetary incentives (E.g.</td>
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<tr>
<td>Tailor rewards for ethical behaviour to employees’ needs (E.g. recognition or promotion)</td>
<td></td>
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</tr>
</tbody>
</table>

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9. Who of the following are mainly responsible for developing ethics programmes in your organisation? (Check ALL, which apply)

- [ ] Chief Executive Officer (CEO)
- [ ] Managing Director
- [ ] Senior Management
- [ ] Human Resource Professionals
- [ ] Public Relations Manager
- [ ] Head Office (for a franchise)
- [ ] External Consultant
- [ ] Other (please specify): __________________

Demographic details:

10. Please indicate the predominant activity of the organisation you work for. (Tick ONE box)

- [ ] Agriculture
- [ ] Mining
- [ ] Manufacturing
- [ ] Electricity, Gas and Water
- [ ] Construction
- [ ] Retail, Motor Trade and Repair Services
- [ ] Wholesale Trade, Commercial Agents and Allied Services
- [ ] Catering, Accommodation and other Trade
- [ ] Transport, Storage and Communications
- [ ] Finance and Business Services
- [ ] Community, Social and Personal Services
- [ ] Other (please specify): __________________

11. Please indicate the total number of employees working in your organisation. (Tick ONE box)

- [ ] Fewer than 10 employees
- [ ] 11 to 20 employees
- [ ] 21 to 50 employees
- [ ] 51 to 100 employees
- [ ] 101 to 200 employees
- [ ] 201 to 500 employees
- [ ] More than 500 employees
12. Please indicate your position in the organisation. (Check ONE box)

☐ Chief Executive Officer (CEO)
☐ Director
☐ Assistant Director
☐ General Manager
☐ Senior Manager
☐ Manager
☐ Supervisor
☐ Other (please specify): __________________

Thank you for participating in the survey. Your response is very important to us.