

BUSINESS ETHICS IN THE ACCOUNTANCY PROFESSION: A SOUTH AFRICAN PERSPECTIVE

by

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DECLARATION

I declare that the dissertation hereby handed in for the qualification Magister in Accounting and the University of the Free State is my own independent work and that I have not previously submitted the same work for a qualification at/in another university/faculty.

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ABSTRACT

For thousands of years, man has been searching for the meaning of life, especially through philosophy and religion. One of the most important aspects in this search is probably the distinction between what constitutes right (good) and wrong (bad). This has not been confined to the personal/philosophical/religious aspects of life, but has also spread to the business sphere and eventually developed into the academic field today known as business ethics.

Probably not a single day passes without the media reporting on unethical behaviour in its various forms in South Africa. The recent Lonmin/Marikana strike and its aftermath has dominated the South African media during 2012 and has already largely been described as the most tragic episode in the history of post-apartheid South Africa. The Lonmin incident is a “classic case study” of unethical conduct which included, amongst others, participation in unlawful and unprotected strikes, excessive police brutality, intimidation of and violent action against workers who reported for duty, malicious damage to property, clashes between labour unions fighting for membership and control of the industry, and poor leadership.

Of all the corporate collapses that shocked the business world, Enron and its then auditors, Arthur Andersen, was probably the most infamous and significant due to its widespread international spillover effect. Enron and other unethical economic scandals provide an indication of the gravity and extensive reach of business ethics in the world today. The accounting profession plays such an important role in the global economy that the prevalence of unethical business practices often leads to appeals for an investigation into the competence and ethical behaviour of these professionals, accompanied by a notion that the main cause of the wrongdoings may be traced back to inadequate prominence given to ethics education within the profession.

One of the main challenges in presenting business ethics courses is to keep the subject pragmatic and practically applicable – which may be difficult, possibly due to the discipline's development from philosophy. If the pragmatic and practical focus is not maintained, business ethics may result in a mere philosophical and theoretical course that has little to do with ethical challenges encountered in the real business world.

This study consists of a literature component and an empirical component. The fourfold aim of the literature study was to provide 1) an overview of the development of business ethics as a discipline; 2) the viewpoints and requirements of professional accountancy bodies regarding business ethics and business ethics education; 3) an overview of business ethics modules presented by certain South African universities; and 4) the broad theoretical background to the discipline.

The empirical research component was conducted by means of a questionnaire. The aim was primarily to determine the insight of four groups of students in business ethics at the beginning of the course as compared to that at the end of the course to establish the possible impact of the course on the ethical reasoning abilities and perceptions of students. The questionnaire was also developed to also take into account the major requirements of SAICA regarding business ethics courses. The opinions and perceptions of the four groups of students enabled the researcher to reach conclusions and make recommendations regarding the suitability of the current content of business ethics courses.

The study is set out in 5 chapters. Chapter 1 provides the introduction to the study, sketching a few of the ethical dilemmas that the world is currently faced with as a means to illustrate the importance of business ethics as a discipline. This is followed by an overview and discussion of the viewpoints and requirements of professional accountancy bodies regarding business ethics and business ethics education as well as

an overview of business ethics modules presented by certain South African universities. Chapter 3 provides an overview of the development of business ethics as a discipline followed by an analysis of the findings gathered from the questionnaire (chapter 4). The final chapter consists of the conclusions and recommendations for improvement of business ethics courses and further research possibilities.

Key words: auditing and accounting profession, business ethics, ethics, philosophy, ethical theories, social responsibility and corporate governance.

OPSOMMING

Vir duisende jare reeds is die mensdom op soek na die sin van die lewe, veral deur middel van die filosofie en godsdienste. Een van die belangrikste aspekte in die soeke na die sin van die lewe is waarskynlik die onderskeid tussen dit wat reg (goed) en verkeerd (sleg) is. Dié soeke is nie slegs beperk tot die persoonlike/filosofiese/godsdienstige aspekte van die lewe nie, maar het ook na die besigheidsfeer uitgebrei en uiteindelik ontwikkel tot die akademiese dissipline wat vandag bekend staan as besigheidsetiek.

Daar gaan waarskynlik nie 'n dag verby waarin die media nie verslag doen oor onetiese optrede in sy verskeie vorme in Suid-Afrika nie. Die onlangse Lonmin/Marikana-staking en die nadraai daarvan het die media in Suid-Afrika gedurende 2012 oorheers en is alreeds grootliks beskryf as die tragiester episode in die geskiedenis van post-apartheid Suid-Afrika. Die Lonmin-insident is 'n "klassieke gevallestudie" van onetiese gedrag, wat onder andere die deelname aan onwettige en onbeskermdes stakings, oormatige polisiebrutaliteit, intimidasie van en gewelddadige optrede teen werknemers wat vir diens aangemeld het, kwaadwillige beskadiging van eiendom, botsings tussen vakbonde wat vir ledetalle en beheer oor die industrie veg, asook swak leierskap insluit.

Van al die korporatiewe ineenstortings wat die besigheidswêreld geskok het, is dié van Enron en hul destydes ouditeure, Arthur Andersen, waarskynlik die berugste en belangrikste as gevolg van die wye internasionale impak daarvan. Enron en ander onetiese ekonomiese skandale gee 'n aanduiding van die erns en reikwydte van besigheidsetiek op die wêreld vandag. Die rekenmeestersprofessie speel so 'n belangrike rol in die globale ekonomie dat die voorkoms van onetiese besigheidspraktyke dikwels uitloop op pleidooie vir 'n ondersoek na die bevoegdheid en etiese optrede van die betrokke professionele persone, asook die opmerkings dat die hoofrede vir die wanpraktyke dalk teruggevoer kan word na die onderbeklemtoning van etiekonderrig in dié professie.

Een van die hoofuitdagings in die aanbieding van besigheidsetiekkursusse is om die kursus pragmaties en praktiestoepaslik te hou – wat moeilik kan wees, moontlik weens die dissipline se ontwikkeling vanuit die filosofie. Indien die pragmatiese en praktiese fokus nie gehandhaaf kan word nie, kan besigheidsetiek verval in 'n bloot filosofiese en teoretiese kursus wat weinig te make het met etiese uitdagings wat in die werklike besigheidswêreld aangetref word.

Hierdie studie bestaan uit 'n literatuur- en 'n empiriese komponent. Die vierledige doel van die literatuurstudie is om 'n oorsig te bied oor 1) die ontwikkeling van besigheidsetiek as 'n dissipline; 2) die sienings en vereistes van professionele rekeningkundige beheerliggame aangaande besigheidsetiek en besigheidsetiekonderrig; 3) besigheidsetiekmodules wat aan sekere Suid-Afrikaanse universiteite aangebied word; en 4) die breë teoretiese agtergrond van die dissipline.

Die empiriese navorsing is behartig deur middel van 'n vraelys. Die doel was primêr om die insig van vier groepe besigheidsetiekstudente te toets - aan die begin van die kursus en 'n vergelyking met die resultaat aan die einde van die kursus - ten einde die moontlike impak van die kursus op die studente se etiese beredeneringsvaardighede en persepsies te bepaal. Die vraelys is ontwikkel om ook die hoofvereistes van SAICA rakende besigheidsetiekkursusse in ag te neem. Die opinies en persepsies van die vier groepe studente het die navorser in staat gestel om gevolgtrekkings en aanbevelings te maak oor die toepaslikheid van die bestaande inhoud van besigheidsetiekkursusse.

Die studie bestaan uit 5 hoofstukke. Hoofstuk 1 verskaf die inleiding tot die studie deur te wys op 'n paar etiese dilemmas wat die wêreld tans beleef ter staving van die belangrike rol van besigheidsetiek as dissipline. Dit word gevolg deur 'n oorsig oor en bespreking van die standpunte en vereistes van professionele rekeningkundige beheerliggame aangaande besigheidsetiek en besigheidsetiekonderrig, sowel as 'n

oorsig oor besigheidsetiekmodules wat deur sekere Suid-Afrikaanse universiteite aangebied word. Hoofstuk 3 bied 'n oorsig oor die ontwikkeling van besigheidsetiek as dissipline, gevolg deur 'n ontleding van die bevindinge versamel vanuit die vraelys (hoofstuk 4). Die slothoofstuk bevat die gevolgtekkings en aanbevelings vir verbetering van besigheidsetiekkursusse en verdere navorsingsmoontlikhede.

Sleutelwoorde: audit- en rekenmeestersprofessie, besigheidsetiek, etiek, filosofie, etiese teorieë, sosiale verantwoordelikheid en korporatiewe beheer.

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*“If I have seen farther than others, it is because
I was standing on the shoulders of giants.”*

Isaac Newton

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LIST OF ABBREVIATIONS

AAA	: American Accounting Association
ACA	: Associate Chartered Accountant
ACCA	: Association of Chartered Certified Accountants
AECC	: Accounting Education Change Commission
AGSA	: Auditor General South Africa
AICPA	: American Institute of Certified Public Accountants
AJoBE	: African Journal of Business Ethics
AMCU	: Association of Mineworkers and Construction Union
ANC	: African National Congress
ASA	: Accountancy South Africa
B.Acc	: Baccalaureus in Accounting
B.Com	: Baccalaureus Commercii
BEN-Africa	: Business Ethics Network of Africa
B.Tech	: Baccalaureus Technologiae
COBOK	: Common Body of Knowledge Committee
COHRE	: Center On Human Rights and Evictions
COSATU	: Congress of South African Trade Unions
CPD	: Continuous Professional Development
CUT	: Central University of Technology, Free State
E & Y	: Ernest & Young
EEC	: Ethics Education Continuum
ESSET	: Ecumenical Service for Socio-Economic Transformation
EthicsSA	: Ethics Institute of South Africa

Euribor	: Euro Interbank Offered Rate
IAAER	: International Association for Accounting Education and Research
IAESB	: International Accounting Education Standards Board
IASB	: International Accounting Standards Board
ICAEW	: Institute of Chartered Accountants in England and Wales
ICAS	: Institute of Chartered Accountants of Scotland
IES	: International Education Standards
IEPS	: International Education Practice Statements
IFAC	: International Federation of Accountants
IFRS	: International Financial Reporting Standards
IFRS for SMEs	: International Financial Reporting Standards for Small and Medium-sized Entities
IMA	: Institute of Management Accountants
INTOSAI	: International Organization of Supreme Audit Institutions
IPD	: Initial Professional Development
IT	: Information Technology
JSC	: Judicial Service Commission
Libor	: London Interbank Offered Rate
LRA	: Labour Relations Act
MBA	: Master of Business Administration
MFMA	: Municipal Finance Management Act (Act No. 56 of 2003)
MLGI	: South African Multi-level Government Initiative
MP	: Member of Parliament
MRA	: Mutual Recognition Agreement
MSA	: Municipal Systems Act (Act No. 32 of 2000)

NGO	: Non-governmental organization
NIA	: National Intelligence Agency
NRF	: National Research Foundation of South Africa
NUM	: National Union of Mineworkers
NZICA	: New Zealand Institute of Chartered Accountants
OECD	: Organisation for Economic Co-operation and Development
PAAB	: Public Accountants' and Auditors' Board
PFMA	: Public Finance Management Act (Act No. 1 of 1999)
PIOB	: Public Interest Oversight Board
POIB	: Protection of State Information Bill
PwC	: PricewaterhouseCoopers
RBA	: Reserve Bank of Australia
SA Akademie	: Suid-Afrikaanse Akademie vir Wetenskap en Kuns [South African Academy for Science and Art]
SAA	: Society of Accountants and Auditors
SAAHC	: South African Accounting History Centre
SAAORC	: Society of Accountants and Auditors in the Orange River Colony
SAICA	: South African Institute of Chartered Accountants
SAIIA	: South African Institute of International Affairs
SERI	: Socio-economic Rights Institute of South Africa
UFS	: University of the Free State
UJ	: University of Johannesburg

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CHAPTER 1 - INTRODUCTION AND STUDY LAYOUT

"Only an ethical movement can rescue us from barbarism, and the ethical comes into existence only in individuals."

Albert Schweitzer

1.1 BACKGROUND TO THE STUDY

"There are seven things that will destroy us: Wealth without work; Pleasure without conscience; Knowledge without character; Religion without sacrifice; Politics without principle; Science without humanity; Business without ethics."

Mahatma Gandhi

Probably not a single day passes without the media reporting about unethical behaviour in its various forms in South Africa. The word "*corruption*" and its derived forms, in conjunction with various other words, such as "*corrupt culture*", "*systematic corruption*", "*the institutionalisation of corruption*", "*corruptive collusions*" and "*corrupt concealment*" regularly crops up, which sketches a bleak picture of the state that the South African nation finds itself in (Ndebele, 2012; Puhl & Knaup, 2012; Mukadam, 2012; Nel, 2012; Quintal, 2012). Other terms and phrases such as "*tenderpreneurship*", "*nepotism*", "*cronyism*", "*cadre deployment*", "*kleptocracy*", "*securitocracy*" (with referral to the Protection of State Information Bill 6 of 2010, further discussed under section 1.3.5), "*izinyoka*" (the isiZulu word meaning "snakes" which is used to refer to electricity and especially cable thieves), "*wildcat strikes*" (refer to section 1.6.1 for an explanation of the term and an elaboration on the phenomenon in South Africa) "*looting of public funds*", "*political indulgence*", "*socio-economic inequality*", "*legislated privileges of the bureaucracy*", "*incompetency*", "*moral bankruptcy*", "*leadership vacuum*", "*lack of service delivery*", "*attempts to weaken the judiciary*", "*political influence overruling merit*" and "*self-destruction of the nation*" also commonly appear in media publications (Timse, 2012; SAPA, 2010; De

Waal, 2012; Nagel, 2012; Merten, 2011; De Vos, 2012; Karon, 2012; Majavu, 2011; Nicolson, 2012; Tamukamoyo & Newham, 2012; Jansen, 2012; Ndebele, 2012; Heese & Allan, 2012b; Esterhuyse, 2012, pp. 305-306; Mashala, 2012; Schott, 2010; Giokos & Steyn, 2012).

All of the above can in broad terms be summarized under the concept of “*unethical conduct*”. Although the prevalence of such conduct in South Africa is currently highly prominent, it is not a new phenomenon. South Africa’s history teems with instances of unethical conduct. Accusations of communities/ethnic groups in South Africa that took land in an unethical manner from others have existed for centuries (South African History Online, 2012; Mbeki, 2012b; De Villiers, 2012a, pp. 42, 47, 49-50; De Villiers, 2012b, p. 73; Visagie, 2012, pp. 107-114). Atrocities committed by British forces during the Anglo-Boer War is widely known (Anglo Boer War Museum, 2010; Wessels, 2011, pp. 78-79, 131, 137-138; Pretorius, 2012, pp. 238, 243-247).

For many citizens, the prospect of a “new” South Africa after 1994, with its rich resources and talented human capital, represented a vision of utopia after a time of intense conflict and many sacrificed lives (Grobler, 2012, pp. 369-388; Shebane, 2007; Lodge, 2007, p. 411). However, disillusionment, especially with how South Africa is governed, hangs thick in the air 18 years after the onset of democracy (Stevenson, 2011; Esterhuyse, 2012, pp. 303, 305-306, 308; Joubert, 2012, pp. 581, 598).

In an article published in The Times, Archbishop Desmond Tutu (2012) wrote, “*[m]any South Africans are feeling a profound sense of anxiety - and, increasingly, disillusionment - over the moral and spiritual wellbeing of the nation. It seems that every time one picks up a newspaper or switches on the television, there are new stories of corruption in government.... Most alarmingly, we have evolved over the 18 years of our democracy from an organised nation of activists for social change - for common good - to a nation apparently preoccupied with the accumulation of personal wealth.*”

Dr Reuel Khoza (2012), chairman of Nedbank Group Limited, included the following in his chairman's report accompanying Nedbank's annual integrated report for 2011, for which he was harshly criticized by the government: *"South Africa is widely recognised for its liberal and enlightened constitution, yet we observe the emergence of a strange breed of leaders who are determined to undermine the rule of law and override the constitution. Our political leadership's moral quotient is degenerating and we are fast losing the checks and balances that are necessary to prevent a recurrence of the past. This is not the accountable democracy for which generations suffered and fought,"* (Hlongwane, 2012a; Chauke, 2012).

Moeletsi Mbeki (2012a), political economist, author and deputy chairperson of the South African Institute of International Affairs, wrote the following about his disillusionment with the South African government in the Financial Mail: *"...a few months ago the country watched on television the police bludgeoning to death a local community leader all because he led a demonstration demanding for his community to get a regular supply of clean water"* (refer to section 1.6.1 for further details on recent service delivery protests in South Africa). *At about the time of the killing of Andries Tatane, the ANC tabled in parliament a draft law calling for up to 25 years imprisonment for anyone found in possession of a document that state officials had classified as secret. These actions compelled myself and many other South Africans to ask ourselves what had gone wrong with the ANC and its relationship with the mass of the black people of South Africa,"* (SAIIA, 2012).

Mbeki was further quoted as saying the following during his address at the CNN-MultiChoice media forum in 2011: *"African people - like me - are completely disillusioned with the performance of their leaders because of what they have done and what they are doing, and for me these people should not be called leaders, but rather the elite. I never thought that after the liberation of our country, the ANC would become such a massive centre of corruption in South Africa - look at the arms procurement saga!"* (Da Silva, 2011).

The recent Lonmin/Marikana strike and its aftermath (hereafter simply referred to as “Lonmin”) has dominated the South African media during 2012 and has already largely been described as the most tragic episode in the history of post-apartheid South Africa (SA News, 2012; Bell, 2012; Thomas, 2012). The Lonmin-incident is a “classic case study” of unethical conduct which may include, the following examples of such conduct:

- participation in unlawful and unprotected strikes (Peyper, 2012);
- excessive police brutality (Underhill, 2012);
- intimidation of and violent action against workers who reported for duty (Walt, 2012);
- incitement to continue to strike and act violently by so-called political leaders (Maoto, 2012; SAPA, 2012h);
- arson and malicious damage to property (SAPA, 2012i);
- clashes between labour unions fighting for membership and control of the industry (Njani, 2012; Mkentane & Rantlha, 2012);
- poor leadership (Grootes, 2012) ; and
- accusations of unwarranted income disparities between salaries of management and labourers (Reuters, 2012c).

Many view the occurrences surrounding Lonmin as a defining moment (or moments) in South Africa’s ethical history – events of which the repercussions will still be experienced long after the ground has settled in the deceased’s graves (Pityana, 2012; Gumede, 2012; Coetzer, 2012). One could view Lonmin as “South Africa’s Enron”, with regard to the extent of the impact that Enron has had on ethical conduct and decision-making in the United States of America and that Lonmin will most probably have in South Africa (Eilifsen, et al., 2006, p. 4; Arens, et al., 2006, p. 4; Patel, 2012).

Of all the corporate collapses that shocked the business world, Enron was probably the most infamous and significant due to its widespread international spillover effect (Eilifsen, et al., 2006, p. 4; Marx, 2008, p. 8). In 2000, Enron was listed as the seventh-largest Fortune 500 company and the sixth-largest energy conglomerate globally (CBC News, 2006). Fortune Magazine named Enron “*Best Company to Work For in America*” for two years and “*America’s Most Innovative Company*” for six consecutive years (McLean & Elkind, 2006). In December 2001, Enron filed for bankruptcy after it was revealed that it had been deceiving investors by fraudulently overstating the company’s profitability (Arens, et al., 2006, p. 193; Eilifsen, et al., 2006, p. 4; Marx, 2008, p. 8). It was the largest bankruptcy case in the American history at the time (Cohn, 2011). Enron’s auditors, Arthur Andersen, closed down their firm in 2002, leading to the “*Big Five*” auditing firms becoming the “*Big Four*” (Warner, 2012; Lucci, 2003, p. 213). Enron’s corporate financial scandal and the fall of Arthur Andersen gave rise to a loss of confidence in corporate governance and financial reporting and a credibility and capacity crises for the audit profession (Marx, 2008, p. 8; Eilifsen, et al., 2006, p. 4). Pressure to restore public trust through legislation and regulation led to the USA Sarbanes-Oxley Act of 2002 that had an immense effect on the auditing and accounting profession (Warner, 2012; Perino, 2002, p. 672; Lucci, 2003, pp. 212-4; Eilifsen, et al., 2006, p. 4; Lander, 2004, pp. 18-19, 29-33, 83-84).

In the next sections, a concise overview of ethical scandals that recently occurred internationally and in South Africa is given, which will provide further background to the unacceptable, unethical events that is currently afflicting the world.

1.2 RECENT INTERNATIONAL CASES OF UNETHICAL ECONOMIC PRACTICES

*“Right is right, even if everyone is against it;
and wrong is wrong, even if everyone is for it.”*

William Penn

Despite it having been more than ten years since the Enron saga shook the world, unethical economic practices are still in high tide. The list of corruption scandals that were uncovered merely in 2011 and 2012 is astonishing. The following is summaries on merely a handful of these cases.

1.2.1 BARCLAYS

“No man is justified in doing evil on the grounds of expedience.”

Theodore Roosevelt

In London, the bomb regarding the banking sector burst when it was revealed that Barclays attempted to manipulate two of the most important interest rates in the global financial market, namely the London Interbank Offered Rate (Libor) and the Euro Interbank Offered Rate (Euribor), during 2005 to 2009 (Alessi, 2012; BBC News, 2012B). After Barclays admitted its role in fixing the international interest rates attached to an estimated £353 trillion worth of transactions, the company was fined a total of £290 million and four members of the top management, including the chief executive officer, Bob Diamond, resigned (Salisbury, 2012; Dunkley, 2012).

1.2.2 THE RESERVE BANK OF AUSTRALIA

"It takes less time to do a thing right than to explain why you did it wrong."

Henry Wadsworth Longfellow

Eight former senior executives from two Australian companies, Note Printing Australia (NPA) and Securency, are facing charges relating to bribes allegedly paid to foreign public officials to secure contracts for their companies to print bank notes for Indonesia, Malaysia and Vietnam (McKenzie, 2012; Akerman, 2012). NPA is a wholly owned subsidiary of the Reserve Bank of Australia (RBA), responsible for running the printing works where Australia's banknotes are printed and Securency is a company half owned by the RBA that produces the unique polymer plastic on which Australia's banknotes are printed (Reserve Bank of Australia, 2011; McKenzie, 2012; FCPA, 2012). The two companies have also been charged at corporate level by the Australian Federal Police (Reserve Bank of Australia, 2011; Australian Federal Police, 2011). It was alleged that Securency and NPA had engaged in widespread bribery and corruption including falsifying accounts and providing illegitimate benefits to intermediaries, with the intention of influencing foreign public officials between 1999 and 2006 (FCPA, 2012; McKenzie, 2012).

The Australian federal government's Department of Foreign Affairs and Trade unsuccessfully fought to stop the media and public learning the details of the case and argued that an open court would lead to exposure of information that would "damage Australian foreign relations and is prejudicial to the administration of justice" (Beck, 2012) . The case commenced in August 2012 and is due to run for two to three months during which the Australian Federal Police will still continue with investigations (Akerman, 2012; FCPA, 2012; Australian Federal Police, 2011).

1.2.3 RUPERT MURDOCH'S “*NEWS OF THE WORLD*”

"If you tell the truth you don't have to remember anything."

Mark Twain

On 10 July 2011, the last edition of the 168 year old publication, *News of the World*, that was Britain's best-selling Sunday newspaper, was published and some 200 employees lost their jobs (Chandrasekhar, et al., 2012; Gabbatt & Batty, 2011; Robinson, 2011; Mayer, 2011a). *News Corporation*, which published *News of the World*, is one of largest and most influential media conglomerates in the world (The New York Times, 2012). The company owns, among other assets, *Fox News*, *The Wall Street Journal*, *The New York Post*, 20th Century Fox film studio and the newspapers *The Times*, *The Sunday Times* and *The Sun* (British editions) (Mayer, 2011a; The New York Times, 2012).

Rupert Murdoch, founder and Chief Executive Officer of *News Corporation*, made the decision to close down *News of the World* due to an electronic phone hacking scandal (The Week, 2012). The scandal reached boiling point when claims were made that a private investigator employed by *News of the World*, hacked into the voicemail of murdered 13-year-old Milly Dowler, and deleted some voicemails to make space for new messages, misleading her family and the police into thinking she was still alive (Mayer, 2011b; Chandrasekhar, et al., 2012).

The above was only the tip of the iceberg. Apparently, police at Scotland Yard had long had detailed evidence of *News of the World's* widespread use of illegal reporting methods used to gather information about dignitaries and cases, but failed to pursue an effective investigation (Burns & Somaiya, 2012; Davies & Dodd, 2011). Police also neglected to inform numerous potential hacking victims of whom they had the names (including Dowler's family), of the threat to their privacy (Mayer, 2011b). One of the reasons police implicitly condoned *News of the World's* behaviour, was because some police allegedly received payment from the

newspaper to provide them with information (Davies & Dodd, 2011; Mayer, 2011a). Thus, there is little confidence in Scotland Yard's ability to investigate the case as allegations of police corruption are also involved (Mayer, 2011c).

Furthermore, many politicians turned a blind eye towards *News of the World's* malpractices because they sought the favour and feared the enmity of the popular press, since it is through the press that the electorate perceive politicians (Mayer, 2011b; Mayer, 2011d). Especially Prime Minister David Cameron was seen as having too close a relationship with Rupert Murdoch's companies to give objective leadership on questions about its behaviour and influence (Mayer, 2011c). Cameron appointed Andy Coulson, a former editor of *News of the World* as his chief media adviser and the British government's head of communications in 2010 (Carrel & Wintour, 2012; Cowell, 2012). Coulson resigned from *News of the World* in 2007 after his royal editor was convicted of hacking phones used by members of the Royal Family (Carrel & Wintour, 2012). During Coulson's time as editor, four private investigators, which all appeared in court and were publically linked to illegal procurement of confidential information, were being paid from Coulson's editorial budget (Davies, 2011). Despite this, Coulson maintained under oath in court that he knew nothing of any illegal activity during the seven years he worked as chief editor of *News of the World* (Davies, 2011; Davies & Dodd, 2011). Cameron's judgement for the appointment of Coulson is now called into question since Cameron were well aware of, but chose to overlook, the suspicious circumstances of Coulson's departure from *News of the World* (Davies & Dodd, 2011; Mayer, 2011d). The seriousness of Cameron's misjudgement was portrayed when Coulson was arrested and charged with perjury and conspiracy to illegally intercept communications in 2012 (Carrel & Wintour, 2012).

The Prime Minister has also often socialized with Rebekah Brooks, a former editor of *News of the World* and the former chief executive officer of Rupert Murdoch's *News International*, and even attended her wedding (Mayer, 2011c; The Telegraph, 2012). Brooks has now twice been arrested by Scotland Yard detectives investigating allegations of phone hacking, corrupt payments to public officials and an attempt to

pervert the course of justice (The Telegraph, 2012; Sabbagh, et al., 2012). At the time the study was performed, the court procedures were still in progress (Peachy, 2012).

Murdoch claimed ignorance of the illegal practices within his company in his testimony before a British parliamentary committee and denied responsibility by blaming his company's size and executives for the failure to inform him of developments in the situation (Bradshaw, et al., 2011). However, the members of Parliament rejected his defence saying he *"exhibited wilful blindness to what was going on in his companies and publications"* and that the use of illegal reporting methods came from a culture that *"permeated from the top throughout the organization and speaks volumes about the lack of effective corporate governance at News Corporation and News International"* (Burns & Somaiya, 2012). Murdoch's son James, the Deputy Chief Operating Officer of *News Corporation*, summed it up well when announcing that the newspaper reached the end of its road by stating *"News of the World is in the business of holding others to account. It failed when it came to itself,"* (Mayer, 2011a).

1.2.4 INDIA'S TELECOMMUNICATION SCANDAL

*"Nearly all men can stand adversity, but if you want
to test a man's character, give him power."*

Abraham Lincoln

During February 2012, the Indian Supreme Court withdrew 122 telecommunications licences granted to companies in 2008, due to alleged corruption in the issuing of these licenses by former Communications and Information Technology Minister, Andimuthu Raja, resulting in estimated losses of \$40 000 000 000 to the Indian treasury (BBC News, 2012).

1.2.5 BAYERN LANDESBANK AND FORMULA ONE'S BERNIE ECCLESTONE

"In looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if they don't have the first, the other two will kill you."

Warren Buffet

Gerhard Gribkowsky, the former chief risk officer for the state-owned German bank, *Bayern Landesbank (BayernLB)*, was sentenced to nine years imprisonment in 2012 after he admitted to receiving nearly \$44 million in corrupt payments (BBC News, 2012c; France 24, 2012; Wilson & Blitz, 2012). He also admitted to charges of tax evasion and breach of trust towards his former employer (Cary, 2012; Wilson & Blitz, 2012). Gribkowsky received the corrupt payments from Bernie Ecclestone, the chief executive officer of *Formula One (F1)* motor sport, relating to the sale of *BayernLB's* 47.2 per cent stake in the sport to the current controlling shareholder, *CVC Capital Partners* (Wilson & Blitz, 2012; The Guardian, 2012; Cary, 2012). It is alleged that Ecclestone paid the bribe to ensure *F1* was sold to *CVC Capital Partners*, who promptly retained him as chief executive of *F1* (Wilson & Blitz, 2012; Cary, 2012). Ecclestone is still under investigation by the German authorities, but no formal charges have been laid against him yet (Cary, 2012).

1.2.6 GREECE'S GOVERNMENTAL CORRUPTION

"The problem of power is how to achieve its responsible use rather than its irresponsible and indulgent use - of how to get men of power to live for the public rather than off the public."

Robert F. Kennedy

In April 2012, the former Greek defence minister, Akis Tsochatzopoulos, became the highest ranking Greek official ever to be arrested on charges of corruption (Donadio & Kitsantonis, 2012). Tsochatzopoulos is accused of accepting bribes in return for purchasing submarines and missiles for the Greek military from a particular German

supplier, Ferrostaal AG, and channelling the kickback through a series of complex offshore companies and Swiss bank accounts (controlled by himself) to launder the money to buy property (Donadio & Kitsantonis, 2012). The lucrative deal left Greek taxpayers overpaying €2 000 000 000 in Ferrostaal contracts (Rhoads, 2012). The investigation is still on-going and the case against Tsochatzopoulos has not yet been ruled (Donadio & Kitsantonis, 2012). Ferrostaal has in the meantime agreed to pay a €140 000 000 fine to the Greek government since only one submarine has been delivered so far and it is faulty (Mavraka & Papatheodorou, 2012).

1.2.7 SIEMENS

“Corruption is like a ball of snow, once it's set a rolling it must increase.”

Charles Caleb Colton

Another case suggesting the symbiotic system of German bribery in Greece relates to bribes paid by the German electronics and engineering conglomerate, Siemens AG, to former Greek government officials to secure state contracts (Mavraka & Papatheodorou, 2012; Donadio & Kitsantonis, 2012). In 2012, an out-of-court settlement was reached between the Greek government and Siemens for the German company to pay €270 000 000, which is only a fraction of the estimated €2 000 000 000 which taxpayers overpaid in Siemens contracts (Melander & Maltezou, 2011; Stoukas, 2012; Donadio & Kitsantonis, 2012). A parliamentary committee is investigating the case in which numerous former ministers are implicated (The Sunday Morning Herald, 2012).

1.2.8 PHILIPS ELECTRONICS

"For every complex problem, there is a simple solution that is wrong."

George Bernard Shaw

Three former managers of the Dutch company, Philips Electronics, a competitor of Germany's Siemens in the supply of, among other things, scanners and other hospital equipment, are being accused of bribery relating to the sale of medical equipment in Poland (Cowan, 2011; Reuters, 2012a). A whistle-blower came forward with information that Polish hospital managers, who needed new equipment, were receiving bribes from Philips to adjust the technical equipment requirements so that it could only be met by Philips products (RNW News Desk, 2011). Since Philips is registered on the New York Stock Exchange, the Dutch company is liable to prosecution in the United States under the U.S. Foreign Corrupt Practices Act for fraud committed both inside and outside of the U.S. (Fox Business, 2011; RNW News Desk, 2011).

1.2.9 OLYMPUS

"Be a terror to the butchers, that they may be fair in their weight; and keep hucksters and fraudulent dealers in awe, for the same reason."

Cervantes

In 2011 Olympus, the Japanese manufacturer of cameras and medical equipment that commands a 70 per cent global market share in endoscopes for digestive organs dismissed Michael Woodford just two weeks into his job as CEO, after Woodford questioned dubious purchases made by Olympus - none of which had been adequately reported in the company's consolidated financial statements (Rowley, 2012; Euronews, 2012; Matsutani, 2012; Greenfeld, 2012).

Olympus initially argued that Woodford, as a Briton and Olympus's first non-Japanese CEO, had misunderstood the management style of the company, but was later forced to admit that the transactions which Woodford questioned were part of a complex accounting fraud scheme of intentional overpayments to hide losses on stock investments of approximately \$1 700 000 stretching back over more than a decade (Rowley, 2012; Matsutani, 2012; Lucas & Croft, 2012). The dubious transactions includes Olympus's purchase of three Japanese companies outside its core business between 2006 and 2008, and writing off 76 per cent of the companies' purchase price in losses due to a so-called "decline in value" of the three companies' shares in March 2009 (Matsutani, 2012; Greenfeld, 2012). Another one of the transactions entailed paying a fee to a mergers and acquisitions (M&A) advisory company based in the Cayman Islands, which summed to 35% of what Olympus paid to acquire the concerned British company, while royalties for an M&A adviser are generally around 1% of the acquisition cost (Greenfeld, 2012; Matsutani, 2012).

Despite on-going investigations by the U.S.'s Federal Bureau of Investigation, Tokyo Metropolitan Police and the U.K.'s Serious Fraud Office, it is still unknown who the third-party beneficiaries from the transactions may have been, although numerous Japanese newspapers and 'underworld' reporters are speculating that missing Olympus funds were linked to Japanese organized crime syndicates locally known as the *Yakuza* (Greenfeld, 2012; Sieg, 2011; Murphy, 2012). Woodford and Olympus have reached an out-of-court agreement over his unfair dismissal and the discrimination he was subject to (Rowley, 2012).

1.2.10 MARKS-FOR-MONEY IN INDIAN MEDICAL SCHOOLS

*"Not everything that counts can be counted,
and not everything that can be counted counts."*

Albert Einstein

In 2011, 18 medical school students from seven colleges in India were arrested on account of paying bribes to evaluating officers who allegedly changed the students' marks and enabled them to pass the university examinations with counterfeit marks by simply handing over enough money (CNN-IBN, 2011).

1.3 RECENT SOUTH AFRICAN CASES OF UNETHICAL ECONOMIC PRACTICES

"Of course politicians think they do not have to consider the softies, the intellectuals – but they always do, in their sleep, and in the long run."

Jan Rabie

South Africa has its own troubling accounts of corruption and unethical business practices and newspapers are overflowing with articles about corruption, fraud, greed, mismanagement and other forms of unethical practices in both the private and public sectors (Gibbons, 2012).

1.3.1 UNDELIVERED TEXTBOOKS IN LIMPOPO

“Give to every human being every right that you claim for yourself.”

Robert Ingersoll

Thousands of learners from Limpopo were deprived of their right to education due to textbooks not being delivered to schools in this province within a reasonable time for the school year that commenced in January 2012. By September 2012 it was reported that some schools still had not received the necessary textbooks despite an already extended court order for textbooks to be delivered by 27 June 2012 (Gernetzky, 2012b; Gernetzky, 2012; SAPA, 2012b). The court granted a third order to the human rights organisation, Section 27, to force the National and Limpopo Education Department to deliver the books to schools in the province by 12 October 2012 (RSG, 2012).

According to Section 27, Limpopo principals were afraid of talking about the patchy delivery of textbooks since the first court order date expired, because they have been threatened with dismissals (SAPA, 2012e; Nkosi, 2012). To worsen the matter, dumped textbooks were discovered in Limpopo on multiple occasions since July 2012, on one occasion reaching numbers of between 5 000 and 6 000 books (SAPA, 2012c; Gernetzky, 2012b; SAPA, 2012d).

The Department of Education awarded the contract for the procurement and delivery of textbooks to 4 000 schools in Limpopo to the politically connected EduSolutions (Evans & Erasmus, 2012a; Gernetzky, 2012c; Evans & Erasmus, 2012b). The media brought to light that multiple family and friendship ties exist between current and former employees at the Department for Basic Education and current and former employees at EduSolutions (Pauw, et al., 2012; Evans & Erasmus, 2012a). A legal opinion obtained in January 2012 by the state from senior counsel advocate, Pat Ellis, concluded that the tender was *“neither fair, equitable, transparent, competitive*

nor cost-effective” and could be subject to constitutional challenge as it did not comply with the Public Finance Management Act (PFMA) (Evans & Erasmus, 2012a; Jika, 2012). In his report, Ellis recommended that the department should order textbooks outside of the “probably invalid” contract with EduSolutions, but instead the department waited until May 2012 to place the orders (Evans & Erasmus, 2012b; Corruption Watch, 2012; Jika, 2012).

The Minister of Basic Education, Angie Motshekga, was already alerted in July 2011 about alleged irregularities in the textbook tender by Solly Tshitangano, who was the then acting chief financial officer at the Limpopo Education Department (Evans & Erasmus, 2012b; Pauw, et al., 2012; Corruption Watch, 2012). Tshitangano was however dismissed in December 2011, believed to be for his whistleblowing and opposition to the EduSolutions tender, and is claiming unfair dismissal in an on-going Labour Court dispute with the Department of Basic Education (Gernetzky, 2012d; Pauw, et al., 2012; Evans & Erasmus, 2012b).

The bankrupt provincial education department was one of five key Limpopo departments placed under national administration in December 2011 by Finance Minister Pravin Gordhan due to gross unauthorised expenditure (Moloto, 2012; Gernetzky, 2012d; Rampedi, 2011; Rampedi, 2012a). Dr Anis Karodia, who took over the department’s administration in February 2012, also questioned the legality of the tender process and in a report delivered to the National Council of Provinces (NCOP) in March 2012 described the department as “*dysfunctional*”, “*rotten*”, “*lacking supervision and leadership*” (referring specifically to Dickson Masemola, the Limpopo Education MEC) and “*invaded by a culture of nepotism, incompetence, looting, financial mismanagement and poor work ethic*” (Evans & Erasmus, 2012a; Rampedi, 2012b). Motshekga removed Karodia from his position in May 2012 because Karodia “*made allegations about the MEC [Masemola] which were embarrassing to the minister*” (Rampedi, 2012a; Evans & Erasmus, 2012b).

President Jacob Zuma appointed a presidential task team in July 2012 to investigate the non-delivery of textbooks at schools in Limpopo and make recommendations to solve the problem at hand and prevent similar occurrences in future (The Presidency RSA, 2012; Moloto, 2012; Essop, 2012a). In the report issued by the task team, it was found that the situation resulted from the failure of, firstly, the Limpopo Department of Education and then the National Department of Basic Education to procure and deliver textbooks (Section 27, 2012). In the report issued by the task team, the department was criticised for its lack of *“an ethos that promotes a system of accountability”* (John, 2012).

1.3.2 KUMBA AND IMPERIAL CROWN TRADING

“Although gold dust is precious, when it gets in your eyes it obstructs your vision.”

Hsi-Tang

Accusations of corruption by officials of the Department of Mineral Resources (DMR) in their handling of the mineral rights debacle involving Kumba and Imperial Crown Trading (ICT) erupted in 2011 (Roberts, 2012). Both Kumba and ICT applied for specific iron ore prospecting rights in Sishen in 2009, after which the rights were awarded to ICT (Janse van Vuuren, 2011). Kumba accused ICT, a politically connected company with shareholders such as President Jacob Zuma’s son Duduzane and Deputy President Kgalema Motlanthe’s partner, Gugu Mtshali, of paying a bribe to a government official at the DMR and of forging parts of its prospecting rights application (Lombard, 2012; Roberts, 2012). In 2011, judgement was made that ICT had no rights to the Sishen iron ore mine and that the DMR had erred in awarding the rights to ICT (Seccombe, 2012a; Reuters & Seccombe, 2012). Both ICT and the DMR were, however, granted the right to appeal against the court’s decision (Reuters, 2012b). The case has not appeared in the Supreme Court of Appeal yet (Reuters, 2012b).

In another side to the debacle, ICT accused the prosecutor, Glynnis Breytenbach, of impartially favouring Kumba over ICT in her investigation and of having an improper relationship with Mike Hellens, senior council for Kumba (Lombard, 2012; Basson, 2012). Breytenbach is still suspended from the National Prosecuting Authority while her disciplinary hearing is underway (SAPA, 2012; Mabuza, 2012).

1.3.3 PRICE FIXING BY TELKOM

“I conceive that the great part of the miseries of mankind are brought upon them by false estimates they have made of the value of things.”

Benjamin Franklin

After a decade-long investigation into Telkom’s practices, the partially government-owned company was fined R449 million in 2012 by the Competition Tribunal for abusing its dominance in the telecommunications market in South Africa between 1999 and 2004 (Fin24, 2012; Motaung, 2012). The Tribunal concluded that Telkom had declined to supply necessary access facilities to independent value added network service (VANS) providers and encouraged their customers not to do business with them, causing harm to both competitors and consumers and hindering competition and innovation in the VANS market (Mawson, 2012; Motaung, 2012).

1.3.4 AUDIT REPORTS FOR LOCAL GOVERNMENTS AND MUNICIPALITIES

"As a leader, you have to not only do the right thing, but be perceived to be doing the right thing. A consequence of seeking a leadership position is being put under intense public scrutiny, being held to high standards, and enhancing a reputation that is constantly under threat."

Jeffrey Sonnenfeld and Andrew Ward

According to the Consolidated General Report on the Audit Outcomes of Local Government (municipalities) released by the auditor-general, Terence Nonbembe, in July 2012, only 5 percent (13 in total) of local South African government authorities obtained clean audit reports for the 2010/11 financial year, despite the estimated R295 000 000 spent by local government authorities during the accounting year to get their financial statements in order (Prince & Eybers, 2012; SAPA, 2012g; Heese & Allan, 2012a; AGSA, 2012, p. 12; Heese & Allan, 2012c).

Furthermore, unauthorised, irregular and fruitless and wasteful expenditure increased from R11 253 000 000 in the 2009/10 financial year to R14 560 000 000 for the 2010/2011 financial year (AGSA, 2012, p. 51). Of this amount R260 000 000 was due to fruitless and wasteful expenditure and *"had been made in vain and without the public having received any value. In most cases this stemmed from weak internal controls and insufficient care given to protecting public money"* (AGSA, 2012, p. 57).

According to the AGSA report, *"[u]nauthorised, irregular or fruitless and wasteful expenditure was incurred by 86% of auditees. The audits further revealed that the accounting officers of 84% of auditees did not ensure that reasonable steps were taken to prevent this type of expenditure. This was reported in the audit reports as material non-compliance. The extent of this expenditure and non-compliance by the accounting officers is indicative of an environment where incurring unauthorised and*

irregular expenditure has become the norm and not the exception. Reasonable steps are not taken to prevent such expenditure, while its occurrence is also not detected by auditees and is mostly identified by means of the AGSA's audit process" (AGSA, 2012, p. 51).

Other concerns include the following:

- None of the nine metros, not even the formerly honoured Cape Town, was included in the 13 municipalities (which are all small and medium local district municipalities) that obtained clean audit reports and only 4 provinces - KwaZulu-Natal, Limpopo, Mpumalanga and the Western Cape - received such reports (Prince & Eybers, 2012; Heese & Allan, 2012a; SAPA, 2012g; SAPA, 2011b).
- Fourteen (14) per cent of municipalities did not submit financial statements by the required submission date and were thus not included in the report issued by the AGSA and another six (6) per cent of municipalities' financial statements were still outstanding by the time AGSA issued the report (AGSA, 2012, p. 27). As a result, interested parties do not receive financial statements and accompanying information timeously, which damages transparency and accountability and makes it increasingly difficult for South African citizens to form an opinion as to the utilisation of state funds (Crous, 2012, pp. 2-3).
- At over 70 per cent of the auditees, key personnel do not have the required competencies to perform their responsibilities (AGSA, 2012, p. 81; Prince & Eybers, 2012; Heese & Allan, 2012a). According to the auditor-general's report (AGSA, 2012, p. 81) *"[i]t is unfortunately a reality that too many councils have appointed managers who might belong to the right party, but have no skills and experience for the job"*. This tendency of cadre deployment with the focus on party status and political loyalty instead of knowledge, technical ability, meritocracy and pragmatic necessity (that would lead to work getting done) seriously undermines competency, capacity,

service delivery and implementation of internal controls (Crous, 2012, p. 8; Venter & Landsberg, 2011, p. 10; Heese & Allan, 2012b; Prince & Eybers, 2012)).

- Contracts and quotations awarded to employees and councillors or other state officials and close family of these persons, amounted to R814 000 000 (AGSA, 2012, pp. 63-65; Prince & Eybers, 2012). Nepotism and tenderpreneurship (which have much of the same negative consequences as cadre deployment) appear to be common practices when awarding contracts, instead of bestowing contracts on the basis of merit (Heese & Allan, 2012b).
- Municipalities should comply with the Municipal Finance Management Act (Act No. 56 of 2003) (MFMA) and the Municipal Systems Act (Act No. 32 of 2000) (MSA), of which the purpose are, among other things, to promote governance, transparency and accountability (AGSA, 2012, p. 46). Material non-compliance with legislation was encountered with 93% of the auditees, (excluding the results of the auditees whose financial statements was still outstanding by the submission date, even though this in itself is considered to be material non-compliance with the MFMA) which represents an increase from the 2009-10 financial year (Ibid., p. 46). According to the auditor-general's report, this *"points to a disregard for laws and regulations. Not all political leaders took these matters seriously and accepted their accountability in this regard. There are also limited consequences for the failure of accounting officers and municipal officials to comply, even though there are clear remedies in legislation to deal with transgressions,"* (Ibid., p. 58). Despite South Africa having world class legislation, it is not consistently applied and there is no effective disciplinary system to act against officials and politicians who disregard laws and regulations - which means that AGSA and other regulators are essentially powerless (Prince & Eybers, 2012).
- South Africa is globally acknowledged as a frontrunner in the area of corporate governance (Ernst & Young, 2012; Williams, 2007, p. 317; Lubbe, 2012a). A clear indication of this can be found in the fact that South Africa was once again ranked number one out of 144 economies on all of the

following in the World Economic Forum's annual Global Competitiveness Report for 2012 – 2013: the "*efficacy of corporate boards*", the "*regulation of securities exchanges*" and the "*strength of auditing and reporting standards*" (see section 1.7, "Rationale for study", for further elaboration on this topic), (World Economic Forum, 2012, p. 325; SAICA, 2012b; Wadee, 2011). Much of South Africa's success on the front of corporate governance in business can be ascribed to the work done by the King Committees on Corporate Governance in South Africa, which has published the King I (1994), King II (2002) and King III (2009) Reports on Corporate Governance in South Africa (King, 2012; SAICA, 2010d). With the drafting of the PFMA and MFMA, there was consultation with experts in the field of corporate governance and many of the principles of good corporate governance were incorporated into laws, as minimum legal requirement of compliance (Lubbe, 2012a; PwC, 2010b, p. 2). After the publication of King I, government brought out the "*Protocol on Corporate Governance in the Public Sector*" in 1997 and updated this document in 2002, after the publication of King II (Department of Public Enterprises, RSA, 2002, p. 3). However, three years after the publication of King III, government has still not issued guidelines on the implementation of King III in the public sector, resulting in an attitude that King III is not applicable to the public sector, which seriously undermines good corporate governance in the public sector, as is evident from the findings of the AGSA's report (PwC, 2010a, p. 2; Lubbe, 2012a). This seeming laxity to explicitly endorse King III and events such as the arms scandal and Travelgate, portrays a downward spiral from the initial political will and strong ethical leadership that appeared after 1994 and made it possible to fight corruption and fraud through firm corporate governance (Lubbe, 2012a).

In 2009, the previous Minister for Cooperative Governance and Traditional Affairs, Sicelo Shiceka, launched "*Operation Clean Audit*" to address the poor audit outcomes of local government (Shiceka, 2009; AGSA, 2012, p. 13; Heese & Allan, 2012a). The target for the project was set at unqualified audit reports for all municipalities by 2014 (Shiceka, 2009; Heese & Allan, 2012a). If the preceding

information and the evident problem in the management of public finances in South Africa is taken into account, it seems implausible that even the 2012 goal for *Operation Clean Audit*, being 60% of municipalities receiving unqualified audit reports, will be met (AGSA, 2012, p. 29; Crous, 2012, p. 8).

1.3.5 THE PROTECTION OF STATE INFORMATION BILL

“One man’s transparency, is another’s humiliation.”

Gerry Adams

*“I would rather have free a press and no government,
than a government and no free press”.*

Thomas Jefferson

While the media organization, Wikileaks and its founder, Julian Assange, are stirring international debate on media freedom, transparency, whistleblowing and the beneficial versus the harmful effects of disclosing confidential information, South Africa is struggling with an ethical and legal related media saga of its own (Hood, 2011, p. 635; Fenster, 2011, p. ii).

The media’s determined interest, for example, the AGSA reports (as discussed in section 1.3.4 above) performs an important role in promoting accountability in the South African government, but this function of the media is being endangered by proposed legislation (Crous, 2012, p. 6; Freedom House, 2012; Roper, 2012, p. 1). When the Protection of State information Bill (POIB) (popularly known as the “*Secrecy Bill*” or “*Info Bill*” and mockingly known as the “*Protection of Corrupt Information Bill*”) came before the National Assembly on 22 November 2011, the majority vote was supportive of passing the bill to the National Council of Provinces

(from where if endorsed, it may be signed into law by the president) with 229 MPs voting in favour of the bill to 107 against (News24, 2011; SAPA, 2011b; Hartley, 2011; Smith, 2012; Sutherland, 2011; Essop, 2012c; Ndebele, 2012). During declarations of vote, it was revealed that all opposition parties present in the National Assembly voted against the bill, setting the ANC apart in its support (Hartley, 2011; SAPA, 2011b). As a result, 22 November 2011 was named “*Black Tuesday*” by the media and civil society organisations, reminiscent of “*Black Wednesday*” that took place on 19 October 1977 when the apartheid government closed down three news publications and arrested and/or banned numerous people and organisations associated with the Black Consciousness Movement (Sutherland, 2011; Hartley, 2011). (See section 1.6.1 for information regarding civil protests against the implementation of the Secrecy Bill.)

The controversial bill has been subject to widespread condemnation because government could use it to undermine transparent and accountable governance, keep unlawful conduct and incompetence secret, prevent public scrutiny and avoid embarrassment and criticism (Sutherland, 2011; Smith, 2012; Right2Know, 2012b; Louw, 2011). A factor that worsens the public concerns about and revulsion in the POIB is that the Minister of State Security who is championing this legislation, Siyabonga Cwele, was himself implicated in the Travelgate scandal and was apparently ignorant about his then wife’s international drug-dealing activities for which she has been convicted (Vecchiatto, 2011; Donnelly, 2011b; SAPA, 2011c; Cliff, 2011).

Thus it is fitting that various commentators have described *Black Tuesday* as the beginning of the end of democracy and as reminiscent of apartheid-era securocratic methods of information protection (Legal Resources Centre - Constitutional Litigations Unit, 2012, p. 3; Right2Know, 2012a; Crous, 2012, p. 6; Roper, 2012, p. 1; Louw, 2011). The radio personality, Gareth Cliff (2011) for instance said that South Africa has “*an increasingly authoritarian and paranoid government which seems hell-bent on further stultifying the already illiterate and mostly apathetic citizenry*”. Further concerns regarding the bill include failure to protect journalists

and whistleblowers (making them vulnerable to hefty prison sentences of up to 25 years) and infringement on fundamental human rights and freedoms preserved in the South African Constitution (Act 108 of 1996) (Right2Know, 2012b; Smith, 2012; Guardian News and Media, 2012; Crous, 2012, p. 6; Du Plessis, 2011; Jeffreys, 2011). Yet despite adversaries and challenging circumstances, a strong culture of investigative journalism still exists at media publications such as Daily Maverick (with one of its slogans being “*See the evil, hear the evil, speak the truth*”), Sunday Times, Mail & Guardian and City Press (De Waal, 2012b; Harbor, 2012).

A collective stance was taken against the bill by foreign governments (including the United States, Canada, Czech Republic, Germany, Norway, Poland, Portugal, Sweden and Switzerland) during a United Nations Human Rights Commission (UNHRC) review of South Africa during 2012 in Geneva and civil protests against the bill also took place in India, Australia, London and New York (Smith, 2012; Guardian News and Media, 2012; Crous, 2012, p. 6; Essop, 2012c).

1.3.6 INSUFFICIENT DIVISION BETWEEN STATE AND PARTY AND NON-SEPARATION OF POWERS

"Power tends to corrupt, and absolute power corrupts absolutely".

John Emerich Edward Dalberg Acton

The doctrine of the separation of powers forms part of the constitutional basis of any democratic state (Baxter, 1996, p. 344; Smit & Naudé, 1997, p. 6). The formulation of the doctrine is usually ascribed to two philosophers that lived during the so-called *Age of Enlightenment*, namely Montesquieu (1689 – 1755) and Locke (1632 – 1704) (Rautenbach & Malherbe, 1996, p. 70; Crous, 2012, p. 8; Venter & Landsberg, 2011, p. 53; Burns & Beukes, 2006, p. 29). However, it can be traced even further back in antiquity to the theories of i.a. Plato, Aristotle, Polybius and Cicero on mixed constitution as the soundest form of government (Lloyd, 1998, p. 1; Alvey, 2005, p. 1).

According to the *trias politica* of this doctrine, the functions and authority of government can be grouped into three categories, namely legislature, administrative/executive and judicial powers (Smit & Naudé, 1997, p. 6; Baxter, 1996, p. 344; Rautenbach & Malherbe, 1996, p. 70; Crous, 2012, p. 9). Legislature formulates policies for the governance of the country, the executive authority administers and executes these policies and the judiciary passes judgement in court cases by interpreting and applying the laws of legislature (Berning & Montesh, 2012, p. 5; Smit & Naudé, 1997, p. 6). These three branches of state should function autonomously and independently from each other, so as to act as “checks and balances” in the government system, which should facilitate political accountability, prevent the misuse of powers by high-ranking government officials, avoid a decline in public trust (see section 1.5 for a further discussion on the topic) and hinder the deterioration of democracy (Crous, 2012, p. 9; Smit & Naudé, 1997, p. 6; Hoffman, 2010; Burns & Beukes, 2006; Eastern Cape Provincial Legislature, 2012). Even though absolute separation of powers is not realistically attainable because the branches of authority cannot act absolutely independently from one another in practice, the ideal should still be strived towards (Burns & Beukes, 2006, p. 29; National Conference of State Legislature, 2012).

In South Africa, the distinction between the categories of power in the state’s governance is clear on paper, but what takes place in reality contradicts the ideals of our constitution (Crous, 2012, p. 9; De Vos, 2012b). Recent occurrences which demonstrate this include:

- The decision of the Judicial Service Commission (JSC) in 2009 to not further investigate the allegations against Western Cape Judge President John Hlophe¹, regarding his alleged attempt to improperly influence judges to rule

¹ The NGO, Freedom under Law, and the Western Cape Premier, Helen Zille, took the matter of the JSC’s decision not to further investigate Hlophe, to the Supreme Court of Appeal and in both cases the judgement was against the JSC (Grootes, 2011; SAPA, 2012k) Judgement such as the following were delivered in the Zille case: “*I pause to remark that it would indeed be a sorry day for our constitutional democracy were serious allegations of judicial misconduct to be swept under the carpet.... The public interest demands that the allegations be properly investigated, irrespective of the wishes of those involved*” (The Supreme Court of Appeal of South Africa, 2011a; Grootes, 2011). In the Freedom under Law

in favour of President Zuma in a case involving the so called 'Arms Deal Scandal' (De Vos, 2011; Grootes, 2011; Schroeder, 2012; Tolsi, 2012b; Underhill, 2012b);

- Municipalities evicting poor persons from buildings in the inner city of Johannesburg, Tshwane and Durban as part of gentrification programmes² (of which multiple cases were later declared unlawful by court) (COHRE, 2011; Berkowitz, 2012; ESSET, 2012; SERI, 2012; Murray, 2008, p. 224; De Vos, 2011);
- The more than 700 charges of corruption against President Zuma, which were never tested in a court of law and inexplicably dropped (De Vos, 2011; Davies, 2012; Shongwe, 2012);
- President Zuma's appointment of Menzi Simelane as National Director of Public Prosecutions (which the Constitutional Court later ruled "inconsistent with the Constitution and invalid") (SAPA, 2012j; De Vos, 2012a; Tolsi, 2012a);

case the following was said by the judges: *"It cannot be in the interests of the judiciary, the legal system, the country or the public to sweep the allegation under the carpet because it is being denied by the accused judge, or because an investigation will be expensive, or because the matter has continued for a long time,"* (The Supreme Court of Appeal of South Africa, 2011b; Grootes, 2011). In October 2012, the JSC revised their decision and re-appointed a tribunal to investigate Hlophe (Schroeder, 2012; Tolsi, 2012b).

² The situation is clearly described by Martin J. Murray (2008, p. 224) when he states the following: *"The High Court ruling provided a glimpse into the tensions, contradictions, and ambiguities that have accompanied inner-city revitalization in Johannesburg after apartheid. Although entrepreneurial investments and market forces drive the process of inner-city revitalization, municipal authorities have taken an active role in facilitating this impulse toward gentrification. The High Court ruling interfered with this seamless narrative that identified the problem as degenerate sink holes and the solution as closing down 'bad buildings' and evicting their occupants as a way of clearing the path for regenerative ripple-pond investments. By focusing on the constitutional rights of evicted occupants to alternative accomodation, the legal decision restored the connections that official discourses of inner-city regeneration severed, ignored or sanitized: without the availability of alternative housing, large scale evictions of the urban poor do not eliminate the slumlord economy and its deleterious effects but only displace these problems to another location."*

- President Zuma's extension of Chief Justice Sandile Ngcobo's term of office (which was declared unconstitutional by the Constitutional Court) (De Wet, 2011; SAPA, 2011d; De Vos, 2011); and
- The possibility that too much power is vested in the President since the President can, for example, dismiss the head of the intelligence service, because according to section 3.(3).(a) of the Intelligence services Bill (RSA, 2002, p. 31) "[t]he President must appoint a Director-General for each of the Intelligence Services" (Crous, 2012, p. 10).

Numerous reports in the South African media, public sector and academia point to the ANC disowning the concept of the distinction between the state and the ruling party (Grobler, 2011; Du Preez, 2010; Hartley, 2009; Crous, 2012, p. 9). According to professor Willie Esterhuyse (2012, p. 305), who acted as mediator in negotiations to end apartheid, the post-Polokwane conference ANC is threatening South Africa's democracy with a notion that "*[t]he state is the vehicle of the party and the party, in turn, is the seat of all power,*" (own translation). Following is a few examples of this phenomenon:

- During the period when President Zuma was facing trial on charges of corruption, the ANC secretary-general, Gwede Mantashe, were quoted saying that Constitutional Court judges were part of "*counter-revolutionary forces*" preparing to "*pounce on Zuma*" - the statement being largely viewed as an attack on the independence of the judiciary (Hartley, 2011; Mail & Guardian, 2008a; Mail & Guardian, 2008b);
- The previous Director-General of the National Intelligence Agency (NIA), Gibson Njenje, resigned in 2011 for reasons suspected to be political pressure due to his being seen as too close to the ANC Youth League, whose leadership is contesting President Zuma, which leads to the impression that the NIA is being abused to settle intra-party scores (SAPA, 2011e; Letsoalo, 2011f; The Citizen, 2011; The Africa Report, 2011; SAPA, 2011f);

- Government funds were used to partially fund the party-political ANC centenary celebrations that took place during January 2012 in Mangaung (Underhill, 2011; Mazibuko, 2011; Williams, 2012; James, 2012). The Department of International Relations and Co-operation contributed over R12 000 000 to host foreign dignitaries, the cost including security, transport and accommodation for these persons and their entourages (Williams, 2012; Underhill, 2011; James, 2012). The Free State Government spent at least R10 000 000 on conference facilities for the event (James, 2012; Underhill, 2011); and
- The ANC used its parliamentary majority to block a debate on a motion of no confidence in President Zuma, which was brought forward by eight opposition parties in Parliament, during November 2012 (Munusamy, 2012). The speaker of the National Assembly, Max Sisulu, adjourned the programming committee meeting without the matter being scheduled on the order paper (SAPA, 2012p). DA parliamentary leader, Lindiwe Mazibuko, applied to the high court to force the speaker to schedule the debate before Parliament goes into recess (Essop, 2012b; SAPA, 2012p).

1.4 THE ROLE OF THE ACCOUNTING AND AUDITING PROFESSION IN ETHICS – AN INTRODUCTION

“A society in which vocation and job are separated for most people gradually creates an economy that is often devoid of spirit, one that frequently fills our pocketbooks at the cost of emptying our souls.”

Sam Keen

The preceding overview of unethical economic practices provides an indication of the gravity and extensive reach of business ethics in the world today. The accounting and auditing profession plays such an important role in the global economy that the prevalence of unethical business practices often leads to appeals for an investigation into the competence and ethical behaviour of these professionals, accompanied by a

notion that the main cause of the wrongdoings may be traced back to inadequate prominence given to ethics education within the profession (Els, 2007, p. 1; Ramos, 2009). (A discussion of the definition of a “profession” does not fall within the scope of this study. For further information on this topic refer to Marx, et al., 2011, p. 1-7.)

Business ethics has formed a minor part of auditing courses at South African universities for a number of years. The focus of the ethics education did, however, rest much more on (and was in certain cases limited to) the teaching of professional ethics and disciplinary codes of conduct (Leung, et al., 2006, p. 50). Due to the rise in fraud, nepotism, tenderpreneurship and other related unethical business practises (as was numerously mentioned in section 1.1), the risk for reputational damage to, and loss of public trust in the accounting and auditing profession, increased considerably.

Accountancy attempts to record and express economic transactions in the “language” of accountancy so as to order and classify the information inherent to the transaction, and hopefully convey it to the users and stakeholders in an understandable manner in the summarized structure of financial reports (Arens, et al., 2006). According to Gonzalo Ramos, the Secretary General of the Public Interest Oversight Board (PIOB), *“[i]t is clear that economic activity could not take place without financial reporting. Economic activity requires assessing and pricing risks accurately, which in turn requires accurate accounts. Not only accuracy, but also comparability of financial accounts is a basic requirement of any efficient economic system.... Thus, in the aggregate, good financial reporting produces more efficient economic outcomes, and poor reporting or valuation failures can produce massively inefficient outcomes ...”*

Auditing, in short, attempts to communicate to what extent “*trust*” (assurance) should be placed in the audited information by verifying the accuracy, reliability and comparability/consistency of the information (Eilifsen, et al., 2006, p. 7; Arens, et al., 2006, pp. 4-6; Ramos, 2009). A “faulty” audit opinion can do even more damage to

public trust than the disclosure of misleading, fictional or fraudulent information by an institution. This brings to mind the demise of Arthur Andersen, one of the former “big five” auditing firms, during the Enron scandal (refer to section 1.1 for more detail) where the trust of stakeholders were damaged due to the shock liquidation of an entity that was perceived as profitable and financially healthy (Haberly, 2002, p. 2; Eilifsen, et al., 2006, p. 4).

When it was already too late, the public repeatedly asked “why did the accountants and/or auditors not warn us against the threats they were supposed to notice?” After each significant fraud scandal, the same refrain is echoed. This places increasing pressure on the International Federation of Accountants (IFAC) and its member bodies, such as the South African Institute for Chartered Accountants (SAICA) to devote more attention to ethics education as a means of intervening and preventing further damage to the status and credibility of the profession and better serving the public interest (Leung, et al., 2006, p. 112; Cooper, et al., 2008; Ramos, 2009).

In the preceding paragraphs, reference was made to “trust” that the users of audit reports should be able to place in these reports. Legislature usually bestows “privileges” on a profession, for example, certain services may only be provided by members of a specific profession. An example of this would be that according to the Auditing Professions Act (Act 26 of 2005), a person who is not a registered auditor in terms of the Act may not perform audits or refer to him-/herself as a registered auditor (Marx, et al., 2011, p. 3-5). If a profession (or members of a profession), however, repeatedly impairs the above-mentioned “trust”, the legislator can intervene and in serious cases even withdraw a profession’s “privileges” or entrust it to other parties. This would represent a severe form of “collapse in trust”. The subsequent section (1.5) is concerned with “collapse in trust”.

1.5 COLLAPSE IN TRUST

“The currency of the new economy is trust.”

Rachel Botsman

Unethical practices in the first years of the 21st century by leaders at Enron, WorldCom, Tyco, Parmalat and the United Nations Oil-for-food program, to name but a few high profile cases, led to endemic mistrust in institutions and organizations (Rossouw & Van Vuuren, 2010; Bachmann, et al., 2012). No sooner were these corrupt leaders exposed than the financial meltdown of 2008 portrayed another series of misdeeds - from money laundering to securities fraud (Galagan, 2009 (Lubbe, 2009)).

It is evident that the prevalence of unethical business practices (of which numerous examples have already been mentioned) has resulted in a decline in public trust (Pew Research Centre, 2012). As Susanne Furman (2009) says, *“degree of trust is dynamic and a function of actions and consequences over time”*. Many people have lost their confidence in the integrity of leaders, in their capability to handle prevailing economic difficulties and in the economic policy options being followed (Renn, et al., 2011; Pew Research Centre, 2012; Lubbe, 2009). Brett Trueman, an accounting professor who teaches at the University of California-Berkeley’s Haas School of Business, remarked, *“[t]his is why the market keeps going down every day – investors don’t know who to trust”* (Collins, 2002; Hancock, 2002; Maxwell, 2003). As financial markets and governments failed in tasks such as risk evaluation and distribution, investors are now more reluctant to allocate capital and financiers are more cautious about lending out funds (INTOSAI, 2010; Lubbe, 2012a). This deterioration of public confidence and systematic trust has almost certainly contributed to the longevity and depth of the so-called economic crises (Tonkiss, 2009; Lubbe, 2009).

That this diminishment of trust cause great distress for both the private and public sector was indicated by the fact that the theme of the 2003 World Economic Forum meeting in Davos was *Building Trust during a time of Global Uncertainty and Mistrust* (World Economic Forum, 2003; Rossouw & Van Vuuren, 2010). This was further emphasised by the G20 leaders when they declared in a statement issued in response to the economic crisis that long-term trust in institutions needs to be re-established (Bachmann, et al., 2012; G20 Information Centre; University of Toronto, 2009).

According to the 2012 Edelman Trust Barometer results, global trust in government, business and non-governmental organizations has declined from 2011, whereas the only sector in which trust has increased is the media (Edelman, 2012). Government has in fact suffered the steepest trust decline in the 12 years existence of the survey, and within the business sector, banks and financial services is the least trusted industry for the second year in a row.

If the public does not trust the government and regulators, it is just natural that they will be dissatisfied, especially in situations such as the recent economic crisis, which brings about feelings of involuntariness and lack of personal control (Renn, et al., 2011). One of the main culprits causing public embitterment is governments pocketing state funds for their own personal gain. When political or economic decision-makers make use of unethical practises such as corruption, bribery or even just acting negligently and without due care and competence when making far-reaching decisions, the public feel deeply disappointed and disenchanted because their sense of justice have been betrayed and their dignity affronted (Renn & Zwick, 2008, p. 79; Renn, et al., 2011, p. 25). This may lead to public activists taking to protests and disruptive tactics since they feel it is better to be vilified, but taken notice of (by e.g. government) than following the “correct” channels, but having their often perfectly legitimate complaints being neglected (Sacks, 2012a; Sacks, 2012b).

In this section, decline in trust was discussed briefly. As indicated in the above paragraph, if decline in trust advances and escalates to a certain extent, it can lead to protest (Sacks, 2012a). In the following section (1.6) protests are dealt with in short.

1.6 OVERVIEW OF PROTEST

*"No one can be happy who has been thrust outside the pale
of truth. And there are two ways that one can be removed from
this realm: by lying, or by being lied to."*

Seneca

According to Time Magazine reporter, Kurt Andersen (2011), *"[t]he two decades beginning in 1991 witnessed the greatest rise in living standards that the world has ever known. Credit was easy, complacency and apathy were rife, and street protests looked like pointless emotional sideshows — obsolete, quaint, the equivalent of cavalry to mid-20th-century war. The rare large demonstrations in the rich world seemed ineffectual and irrelevant. There were a few exceptions, like the protests that, along with sanctions, helped end apartheid in South Africa in 1994. But for young people, radical critiques and protests against the system were mostly confined to pop-culture fantasy: 'Fight the Power' was a song on a platinum-selling album, Rage Against the Machine was a platinum-selling band, and the beloved brave rebels fighting the all-encompassing global oppressors were just a bunch of characters in The Matrix."* However, the winds of change (and public protest) was soon to alter the picture.

The word "protest" has appeared in printed and online media, as well as television news broadcasts and actuality shows, significantly more in 2011 and 2012 than at any other time in history and protesters from both rich and poor countries have the word "corruption" appearing often on their banners and in their chants (Labelle, 2011; Norton Rose, 2012; Stengel, 2011).

The choice for Time's 2011 Person of the Year award went to "The Protester" instead of an individual, as is customary (Stengel, 2011). The main article for the award was accompanied by a photograph of the Tunisian, Mohamed Bouazizi, a man who decided to voice his frustration, anger and desperation with the unethical practices he repeatedly experienced from local authorities by setting himself alight in front of the local governor's office (Norton Rose, 2012; Andersen, 2011).

This event was emblematic of the extent of the unanimous dissatisfaction of people across the world with the state of their nations (Pew Research Centre, 2012). The widespread public discontent and in some cases even suicidal despair, is mostly based on dismal assessments of ethical leadership and local economic conditions (Nanto, 2009; Povoledo & Carvajal, 2012). Considering that a noteworthy section of society recognise the relationship between corruption and retarded economic growth, the public's dissatisfaction can be fairly related to their encounter with unethical dealings by political and economic decision-makers (Renn, et al., 2011; Norton Rose, 2012; Esterhuysen, 2012).

However, the feeling of public dissatisfaction alone is insufficient to bring about justice and improvement of economic conditions unless it is clearly communicated to others (Renn, et al., 2011). Fortunately, society is progressively prepared and able to express dissatisfaction publicly and in this way oppose the violation of justice that penalises the poor, deprives the public of basic human rights, economic progress and true democracy (Bonime-Blanc, 2012; Norton Rose, 2012; Renn, et al., 2011; Renn & Zwick, 2008).

In the present day world with its unceasing flow of information and communication, the public's organizational ability, which is necessary to coordinate and sustain collective activities such as protests, is boundless (Renn, et al., 2011; Tilly, 2004; Snow, et al., 2004). By making use of the internet and social networks, organizers of social protest movements can build transnational networks, recruit new support and members, uphold motivation to grow momentum beyond isolated events and form a

feeling of solidarity or collective identity by public representation of goals and values (Vila, 2012; Nover, 2009; Renn, et al., 2011; Tilly, 2004; Snow, et al., 2004). Therefore governments, business leaders and economic decision-makers cannot ignore average Joe's mounting feeling of deception and frustration with unethical leadership and business practices and the resulting pressure to reform any longer (Gurría, 2009).

South Africa is in no way immune to protest action. The relentless protests that are often associated with vandalism, burning of tyres, blockading of roads and even loss of lives are currently a common occurrence (Sacks, 2012a). The Lonmin protest that were on the front pages of many international newspapers and dominated the South African media in 2012, is most probably currently the most infamous example. In the next sections (1.6.1, 1.6.2 and 1.6.3), protest actions in South Africa, developing countries and developed countries respectively are discussed briefly.

1.6.1 PROTEST IN SOUTH AFRICA

*"When bad men combine, the good must associate; else they will fall
one by one - an unpitied sacrifice in a contemptible struggle."*

Edmund Burke

According to Municipal IQ, a South African local government data and intelligence service, the highest number of protests taking place in South Africa for the first seven months of a year since 2004 was recorded for 2012 – and that was before the occurrence of the Lonmin strike and its aftermath (Heese & Allan, 2012c, p. 1; Marian, 2012). Research released by the South African Multi-level Government Initiative (MLGI) in October 2012, indicated that should current trends continue in 2012, more than twice as many protests would have occurred than in 2011 in South Africa, and more protests than in 2010 and 2011 together (Davids, 2012).

The five week-long strike at Lonmin's Marikana platinum mine (situated in the North West Province) during which 46 people died, has been referred to as "*the end of innocence for post-Apartheid South Africa*" (Spector, 2012a; Giokos & Steyn, 2012) (refer to section 1.1 for a previous brief discussion on Lonmin). The strike was led by the National Union of Mineworkers (NUM) and the Association of Mineworkers and Construction Union (AMCU), two rival labour unions (Hlongwane, 2012b). The occurrence of "wildcat strikes" by workers across South Africa's major mines and even in the transport (specifically trucking) and farming (specifically vineyards) sector have increased dramatically since Lonmin, with strikers demanding wage increases (Giokos & Steyn, 2012; Maylie & MacDonald, 2012; Spector, 2012b; De Waal, 2012c). According to Ivan Israelstam (2012), a South African Labour Law specialist, a wildcat strike is "*an unprocedural or unprotected strike... where the strikers have not complied with the requirements of the Labour Relations Act (LRA) before going on strike*". Wildcat strikes took place at among others, mines of AngloGold Ashanti, Anglo American Platinum, Gold Fields, Gold One, Harmony Gold and Coal of Africa during 2012 (SAPA, 2012n; Seccombe, 2012b; Maylie & MacDonald, 2012).

Although the original motivation of the workers to strike may have been improved wages and better living conditions, the negative impact of the strikes is probably so immense that it would be hard to determine the extent of collateral damage (Sharara, 2012). Production at the mines came to a standstill for long periods, millions of rands in revenue were lost, investment in the mining industry declined substantially and thousands of workers were dismissed (and livelihoods of their families take away) (Giokos & Steyn, 2012; Seccombe, 2012b; Mkhize & Kumwenda, 2012; Maylie & MacDonald, 2012). Strikes in the mining industry spread to the transport and farming sector with truck drivers and grape pickers demanding higher wages, halting the delivery of goods (especially fuel) and burning vehicles and vineyards (Agence France-Presse, 2012; Reuters, 2012d; De Waal, 2012c).

Not only South African labourers, but also residents are taking to the streets, especially due to poor municipal service delivery. During 2011 and 2012, service delivery protest occurred in Kagiso in the West Rand, Thembelihle south of

Johannesburg, Tembisa on Gauteng's East Rand, Ratanda just outside Heidelberg, Noordgesig, near Soweto and Zandspruit in Johannesburg, to name but a few (SAPA, 2012l; De Klerk, 2011; SAPA, 2011g; De Wet, 2012c; SAPA, 2011h; SAPA, 2011i). Complaints raised during these protest are mostly related to poor basic infrastructure and services such as water, sewage, electricity, roads and refuse collection (Yende, 2012; Sacks, 2012b; McDonald & Pape, 2002, pp. 1, 3). Public outrage followed after Andries Tatane was allegedly killed by police officers during a service-delivery protest in Meqheleng near Ficksburg in 2011 (SAPA, 2011j) (also refer to the comment made by Moeletsi Mbeki regarding this incident, under section 1.1).

Ever-rising electricity prices are leading to similar protest action (Department of Energy, RSA, 2012). In 2011 and 2012, protests relating to this issue took place in, among others, Tembisa, Ratanda and Chiawelo and Diepkloof in Soweto due to residents' frustration with electricity rate increases that far surpasses increases in social grants, which is the primary and sometimes sole source of income for many (De Wet, 2012a; De Wet, 2012b; SAPA, 2011i).

Other recent protest actions about ethically related socio-economic issues include:

- Hydraulic fracturing, commonly known as “fracking”, to explore for shale gas (as an alternative source of energy) in the Karoo are being opposed by landowners, environmentalists and activist groups such as Treasure the Karoo Action Group (TKAG) and Climate Justice Campaign, who argue that the process can pollute underground water supplies (Vecchiatto, 2012; SAPA, 2012o; Mutheiwana, 2011; Davis, 2012).
- 22 November 2011, the day on which the Protection of State Information Bill came before the National Assembly and was passed, was named “Black Tuesday” by the media and civil society organisations, reminiscent of “Black Wednesday” that took place on 19 October 1977, when the apartheid government closed down three news publications and arrested and/or banned numerous people and organisations associated with the Black Consciousness

Movement (Bauer, 2011; Mallinson, 2011; Smith, 2011; Sutherland, 2011; Hartley, 2011). Several political parties, many NGOs, the activist group Right2Know, the South African National Editors' Forum and the National Press Club all openly expressed their disapproval of the bill (Hartley, 2011; Mallinson, 2011). Hundreds of protesters who wore black clothing and in some cases even sealed their mouths with black tape, gathered outside Parliament's main entrance on Black Tuesday as an expression of their opposition to the Bill (Smith, 2011; Hartley, 2011). (Refer to section 1.3.5 for more information on the Protection of State Information Bill.)

1.6.2 INTERNATIONAL PROTEST

“To silence criticism is to silence freedom.”

Sidney Hook

In the developing world, the self-immolation of the Tunisian fruit vendor, Mohamed Bouazizi, during December 2010 instigated protests that ultimately led to the fall of dictators in Tunisia, Egypt and Libya and unsettled governments in Syria, Yemen and Bahrain (Stengel, 2011). Bouazizi set himself on fire in front of the local governor's office as protest against the corruption and harassment he repeatedly experienced from local authorities (Norton Rose, 2012). A photograph of Bouazizi accompanied the main article in Time Magazine for Time's 2011 Person of the Year award (that was awarded to “The Protester” instead of an individual, as is customary (Stengel, 2011; Norton Rose, 2012; Andersen, 2011).

Protests did, however, not stop in North Africa and the Middle East. In Bangladesh an Anti-Corruption Day was held on 9 December 2011 with mass public protest rallies (Beddow, 2012). India has also been plagued with corruption scandals during the past years. Recent events include governmental corruption in the issuing of telecommunications licenses (refer to section 1.2.4 for more detail on this case) and corporate corruption at the information technology company, Satyam where

members of the board allegedly inflated the company's profit by approximately \$1 000 000 000 (Sharma, 2012; Layak, 2012). The corruption scandal at Satyam in 2008 came as a shock since the company was ranked third in a corporate governance survey by Global Institutional Investors in 2005, and was selected by the World Economic Forum and World Link Magazine as one of India's most remarkable and rapidly growing entrepreneurial companies and provided IT service to the World Bank (Sharma, 2008; The Times of India, 2012).

In opposition to pervasive corruption, India Against Corruption and the Indian anti-corruption movement was established by Anna Hazare, a 74-year old social activist. The movement's main aim is to get anti-corruption legislation accepted by India's government (Jha, 2011). This legislation, known as the Jan Lokpal Bill, is intended to create an ombudsman for India with the power to independently investigate and punish corrupt government officials (Burke, 2011). In April and August 2011, Hazare led a four- and twelve day hunger strike respectively to pressurise government to implement the legislation, capturing the support of thousands of Indian citizens and the attention of the international media (The Guardian, 2011; Ahmed, 2011). He was also imprisoned due to organizing public gatherings and protests (Pokharel, 2011).

According to Time Magazine reporter, Kurt Andersen (2011), *"[t]he stakes are very different in different places. In North America and most of Europe, there are no dictators, and dissidents don't get tortured. Any day that Tunisians, Egyptians or Syrians occupy streets and squares, they know that some of them might be beaten or shot, not just pepper-sprayed or flex-cuffed... [Yet] [a]ll over the world, the protesters of 2011 share a belief that their countries' political systems and economies have grown dysfunctional and corrupt..."*.

It seems as if protests in developing countries inspired citizens of traditionally seen "wealthy" countries (such as North America and Western Europe) across the Atlantic to also express their dissatisfaction with political corruption, public debt and systemic

financial recklessness (Pew Research Centre, 2012; Andersen, 2011; Renn, et al., 2011).

In Russia, thousands of people gathered in central Moscow during December 2011 in protest against alleged electoral fraud (BBC News, 2011b; Norton Rose, 2012). Various protests attended by young adults took place in Greece in response to the high unemployment rate and lack of job opportunities for young people in the country (Renn, et al., 2011). Thousands of European citizens from Greece, Italy, Spain and Portugal took to the streets because of their dissatisfaction with austerity measures implemented by their countries' governments due to negotiations with these countries' creditors and the European Union (Papachristou & Papadimas, 2012; Reuters, 2012e; Gatopoulos, 2012).

The Brazilians took a humorous and creative, though easily sighted and memorable stance against corruption. On 7 September 2011, on the commemoration of Brazil's independence, thousands of protesters with face paint and clown noses joined in anti-corruption demonstrations to indicate that "*corrupt politicians are the real clowns*" (BBC News, 2011). Another Brazilian anti-corruption campaign took place in September 2011, shortly after the country's fourth minister since January 2011 resigned due to alleged corruption charges (Merco Press, 2011; BBC News, 2011). An NGO adorned the famous Copacabana beach of Rio de Janeiro with 594 brooms representing Brazil's 81 senators and 513 members of the Lower House as plea that National Congress should help "*sweep out corruption*" in Brazil (Slater, 2011; Merco Press, 2011).

According to an annual poll by the reputable Pew Research Centre in America, only 29% of Americans are satisfied with the state of their nation in 2012 (Pew Research Centre, 2012). Thus, the occurrence of the Occupy Wallstreet Movement did not come as such a big surprise. The movement began in September 2011 with protesters camping in Zuccotti Park in New York's financial district (but soon spread to other cities across the globe) to indicate their disapproval of "*crony capitalism*"

benefit[ing] the wealthy at the expense of the poor” (Miller, 2011; Powell, 2012). This brings to mind gatherings against policies that “*only benefit the richest members of society*” that ritually take place during G20, International Monetary Fund (IMF) and World Bank leaders’ (Shupak, 2010; Gould, 2010).

1.6.3 CONCLUSION ON COLLAPSE IN TRUST AND PROTEST

“No problem can be solved by the same level of consciousness that created it.”

Albert Einstein

Collapse in trust and protest was briefly discussed in the preceding two sections. Humans are social beings and are interdependent on each other. Due to this interdependency, relationships form, not only between individuals, but also between individuals (such as members of the public) and organizations (such as the government or a business). As anyone who interacts with others know, healthy mutually beneficent relationships require respect and effort from both parties. If one partner does very little or no sowing, he/she cannot expect to do all the reaping. The existence of practices such as unethical leadership, corruption, fraud and nepotism which benefit one party at the expense of another, demonstrates the lack of mature, mutually beneficent relationships in society, which may lead to a collapse in trust and eventually end up in protest or more serious action.

The objective of the preceding sections were not to express approval or disapproval of protest, but rather to indicate that the existence of loss of trust and protest should make all governments, politicians and all stakeholders in the business world aware of the gravity and complex consequences of the problem of possible unethical behaviour.

1.7 RATIONALE FOR STUDY

“The time is always right to do what is right.”

Martin Luther King, Jr.

One of the consequences of the increasing pressure to devote more attention to ethics, and especially business ethics education, from different stakeholders on the International Federation of Accountants (IFAC) and its member bodies (such as the South African Institute for Chartered Accountants (SAICA)), was that the International Education Standards (IES) for CAs (as proposed in October 2003 by IFAC) includes an entire standard on Professional Values and Ethics (IES 4) (IFAC, 2012c; Leung, et al., 2006, p. 112; Cooper, et al., 2008; Ramos, 2009). The IES has since been revised and the latest edition was issued in 2010. The implementation of IES 4 was not the only effort from IFAC's side to promote ethics in the accountancy profession. Together with the International Accounting Education Standards Board (IAESB), IFAC embarked on a global research project on ethics education leading to important reports (Taylor, 2011, p. 12). A more detailed description of these reports and of the developments in international and South African business ethics education is provided in Chapter 3.

The South African accountancy and auditing profession, especially the CA(SA) qualification, has high international regard. In the World Economic Forum's annual Global Competitiveness Report for 2012 – 2013, South Africa was once again ranked number one out of 144 economies on all of the following: “strength of auditing and reporting standards”, the “efficacy of corporate boards” and the “regulation of securities exchanges” (World Economic Forum, 2012, p. 325; SAICA, 2012b; Wadee, 2011; Verhoef, 2011b, p. 577). Especially the international number one rating in auditing and financial reporting is sure recognition of the abilities and reputation of South Africa's chartered accountants (Cloete, 2012; SAICA, 2012b; Wadee, 2011). Thus it comes as no surprise that over 7000 CAs(SA) or 21% of SAICA's members are resident and economically active outside of South Africa -

especially in England, Wales, Scotland, Ireland, Australia, New Zealand, Canada and Hong Kong, which are countries with whom SAICA has official, mutual recognition agreements (MRAs) (SAICA, 2012c). The local and international demand for South African CAs is also testament to the enduring merit of the designation which begins with strong technical grounding as students and trainees (SAICA, 2010c; SAICA, 2012c; Cloete, 2012). The early specialisation of South African accounting students and the relatively long, three-year period of training contracts in South Africa as opposed to e.g. the 450 days technical work experience requirement to obtain the designation as an Associate Chartered Accountant (ACA) with the Institute of Chartered Accountants in England and Wales (ICAEW), also contributes to the high standard of the South African qualification (ICAEW, 2012a; SAICA, 2012a).

However, the high technical standard of training and education and the consideration of professional and disciplinary codes alone have not been adequate preparation for the numerous ethical dilemmas and the constantly changing environment that CAs are confronted with on a daily basis in the business world and their profession. A need for significant change in accounting education resulted, because CAs nowadays need to have a much wider range of knowledge, skills and abilities than CAs of prior generations (Roberts, et al., 2007). According to dr Gideon Els “[i]n these days and times, an education programme for CAs needs to go beyond the traditional educational approach that emphasised ‘transfer of knowledge’... but also [include] the tools for learning and development after qualification. This means providing a foundation for lifelong learning,” (2007, p. 3). Ethical reasoning and problem-solving is one such “skill” that cannot be taught by mere theoretical instruction due to the values based, integrated, and subjective nature of the topic. Chapter 3 includes further discussion on the shortcomings of accounting, and especially business ethics education, as well as on the most effective methods to apply in business ethics education to South African accounting students.

The necessary increased emphasis and research on business ethics resulted in SAICA’s decision to review the contact time and contents of business ethics training

courses for South African accounting students. As from 2011, business ethics forms an examinable topic for Part I of SAICA's Qualifying Examinations (SAICA, 2010a, p. 41). In 2010, SAICA published their new Competency Framework, which will be applicable to Part I of the Qualifying Examination as from 2013 (SAICA, 2010b, p. 1). All accounting departments at SAICA-accredited South African universities should have their CA-stream curriculums and academic programmes adjusted by 2013, to implement the required changes according to the Competency Framework (SAICA, 2010b, p. 1). One of these changes includes implementing a semester-long course in business and professional ethics intended for the second year of study. The course can, however, be flexibly structured by each university, provided that the content required by SAICA is retained (SAICA, 2010b, p. 142). In Chapter 2, attention is also devoted to the issue of presenting business ethics as a separate course or as an integrated part of other courses (e.g. auditing).

As business ethics is a fairly new course at accountancy departments of South African universities, limited research on a number of aspects concerning these courses are available. This especially concerns the impact of the unique, dynamic South African context and the diverse demographical background of students on the viewpoints and perceptions of potential, future auditors. These aspects also influence the most effective manner in which to present the courses so that the students, the profession and the South African society as a whole benefit the most from it.

This section, as well as section 1.8 concerned with research methodology, serves as background to section 1.10 in which the objective of the study is discussed.

1.8 RESEARCH METHODOLOGY

“The price of greatness is responsibility.”

Winston Churchill

The threefold aim of this section is to define certain important concepts such as research, to explain the application of these concepts in the study and to offer an explanation of the research methodology applied in the study. The research design was developed to address the rationale and objective of the study as stated in sections 1.7 and 1.9 respectively.

1.8.1 OVERVIEW OF RESEARCH METHODOLOGY

*“If a man has any greatness in him, it comes to light,
not in one flamboyant hour, but in the ledger of his daily work.”*

Beryl Markham

About what the term “research” entails, thousands of books, articles and other publications have been issued. The following are but a few definitions of this term:

- According to the National Research Foundation (NRF) (2012) of South Africa, research can be defined as *“original investigation undertaken to gain knowledge and/or enhance understanding.”*
- Henning, Gravett and Van Rensburg (2005, p. xvi) describes research as *“finding a way to a better understanding and explanation through the text of others (literature study) and a small field of inquiry (empirical study).”*
- Pellissier (2007, p. 6) defines research as *“the human, communal study of both natural and cultural phenomena that is paradigm- and theory-dependent and that aims at the systematic and critical understanding of the said*

phenomena. At the most basic level, research is critical engagement with an intellectual tradition.”

- According to Welman & Kruger (1999, p. 2) research is *“the process in which scientific methods are used to expand knowledge.”*

The research approach followed in the performance of the study was twofold, consisting of both literature research and an empirical study conducted amongst four main groups of respondents.

1.8.2 LITERATURE RESEARCH

“The highest proof of virtue is to possess boundless power without abusing it.”

Thomas Macaulay

The importance of conducting a thorough literature review is well-motivated by business ethics specialist, prof Deon Rossouw (2004, p. 34) in the following statement: *“In order for research to be able to contribute to the theoretical base of the field, new research must deliberately take its point of departure in the existing theoretical base. By doing that, new research is anchored in what has been achieved thus far and consequently is currently available. Research done in this way has the character of an ongoing discourse within a community of inquirers. To do research is thus to co-search or to re-search, along with the other searchers, for knowledge within that particular field. If this communal discursive nature of research is being ignored, then researchers run the risk of reinventing the wheel over and over again.”*

Ethics is a field that is attracting much attention throughout society nowadays (Els, 2007). On the subject of business ethics, there is no lack of reading material, stretching from accomplished academic articles to flippant cartoons, abstract philosophical debates to leadership books with practically implementable advice and

from thought-provoking biographies of businessmen to superficial and dull listings of ethical virtues.

As one soon discovers when researching the topic, not only an abundance of dissertations, newspaper articles, books and reports are dedicated to the subject, but there are also multiple journals that are wholly dedicated to the subject. In 2009, sixteen academic journals were dedicated to various aspects of business ethics, the most cited being *Journal of Business Ethics* and *Business Ethics Quarterly* (Serenko & Bontis, 2009; Wikipedia, 2012a).

The literature study covers the main themes of the research, namely the context and historical background of business ethics, international trends in business ethics and the development of business ethics education (with specific focus on South African students in auditing and accountancy). Each of these themes will be discussed in the context of its importance to the development of business ethics within the auditing and accountancy profession. Where applicable, aspects of the literature overview will be organised in chronological order to provide a context for the historical overview of the research. The literature review will be followed by the results of the qualitative research.

1.8.3 EMPIRICAL RESEARCH

“Relativity applies to physics, not ethics.”

Albert Einstein

Randall and Gibson (1990, p. 460) emphasize that *“a complete disclosure of methods in any empirical study is essential for an accurate appraisal of the research findings. Without full disclosure of research methods, it will be difficult to evaluate the significance of the research findings and dangerous to draw any practical implications from the study”*.

During the execution of the empirical study, the main aim was to determine the insight of students in business ethics, before instruction in the subject commenced and then repeating the process at the end of the course. The specific business ethics modules and their contents are discussed in chapter 3, section 3.7.

The instrument used as the data collection method is a questionnaire (see Annexure A) developed to gather the opinions and perceptions of respondents on various business ethics aspects. It also takes into account the major requirements of SAICA regarding the courses in business ethics for South African accounting students.

The population for the empirical study consisted of students at three universities, enrolled for four different business ethics courses that were presented during 2012 (thus four main groups of respondents participated in the study). Table 1.1 provides an overview of the respondents involved:

Table 1.1: An overview of the respondents involved

University	Module name	Module code	Study year in which course is presented	Academic programmes of students enrolled for the module
University of Johannesburg (UJ)	Auditing 2A - Business Ethics and Communication ³	ODT2A01	Second year	B.Acc & B.Com (Accounting)
Central University of Technology (CUT)	Business Ethics	BNE41AB	Fourth year	B.Tech (Cost and Management Accounting), B.Tech (Financial Information Systems), B.Tech (Internal Auditing)
University of the Free State (UFS)	Business Ethics	EBS224	Second year	B.Acc & B.Com (Accounting)
University of the Free State	Corporate governance and ethics	MBA 712	Post-graduate	Magister in Business Administration (MBA)

The data were collected through respondents completing the questionnaires at the beginning (referred to as the “pre-course attendance” questionnaire) as well as at the end (hereafter referred to as the “post-course attendance” questionnaire) of their respective courses.

The data gathered by means of respondents’ completion of the questionnaire, were used to determine the effect of the different business ethics courses on the ethical reasoning and perceptions of students, by way of comparing the data gathered in the pre-course and post-course questionnaires.

A more detailed discussion of the empirical research appears in chapter 2, section 2.7 and chapter 4.

³ As from 2013, the course name will change to Governance and Citizenship (GOV2AB0), to be presented to second year students enrolled for B.Acc (as opposed to ODT2A01 that was also presented to students enrolled for B.Com (Accounting)).

1.9 OBJECTIVE AND IMPORTANCE OF THE STUDY

“In matters of style, swim with the current. In matters of principle, stand like a rock.”

Thomas Jefferson

As mentioned in section 1.8, this study consists of two parts, namely, a literature study and an empirical study. The aim of the literature study consists primarily of three parts:

Firstly, an overview of the development of business ethics as a discipline will be presented. That is followed by research on the viewpoints and requirements of professional accountancy and auditing bodies regarding business ethics and business ethics education. The last section of the literature study provides an overview on business ethics modules presented by certain South African universities. The literature study should provide answers to the broad theoretical background of the discipline.

The second part of the study consists of the empirical research conducted by means of questionnaires. The aim of this part of the study was primarily to determine the insight of students in business ethics at the beginning of the course as compared to that at the end of the course to determine the impact of the course on the ethical reasoning abilities and perceptions of students. This was done by way of completing a questionnaire (see Annexure A) that was developed to also take into account the major requirements of SAICA regarding the courses in business ethics.

The objective of the empirical part of the study was to gather the opinions and perceptions of the four groups of respondents on various business ethics aspects covered in the questionnaire. This would enable the researcher to come to a

conclusion and make recommendations regarding the suitability of the current course content of business ethics courses for accounting students.

As business ethics is a relatively new course for the auditing and accounting professions, there are still questions on how aspects such as background, religion, age and gender impact on viewpoints and perceptions of potential auditors and business people (in this case specifically MBA students – as future clients of auditors).

The results of the questionnaire were analysed to evaluate the following:

- 1.) the impact of the courses on the perceptions and viewpoints of students;
- 2.) the degree of impact of the courses on students registered for different business ethics courses at different universities and departments; and
- 3.) the degree of impact of the course on the opinions and perceptions of students with different demographical profiles.

These aspects were evaluated in line with the primary objective of the study, which is to determine the effectiveness of the courses in bringing about positive change in the ethical understanding and insight of students from different demographical backgrounds.

The study aims at reaching conclusions and making recommendations regarding the suitability of the current courses and the most effective manner in which to present the business ethics courses for South African accounting students, as well as a group of MBA students, which will enable SAICA, the profession in general and universities to improve on the contents and method of presenting current business ethics courses.

These aspects also influence the most effective manner in which to present the courses so that the students, the profession and the South African society as a whole benefit the most from it. This will hopefully lead to students who bring a greater amount of ethical sensitivity and insight to their future work places and society in general.

1.10 LIMITATIONS OF THE RESEARCH

*"When wealth is lost, nothing's lost; when health is lost,
something is lost; when character is lost, all is lost."*

Billy Graham

Respondents had the choice not to fill in the questionnaire. Questionnaires were completed anonymously, (names and student numbers of respondents were not filled in on the questionnaires); thus, the identity of respondents cannot be determined. No reference will be made to any individual in the study. (See the introduction to the questionnaire (annexure A and B) for the complete statement handed out to students regarding this matter.)

1.11 OUTLINE AND STRUCTURE OF THE STUDY

*"Neither shall you allege the example of
the many as an excuse for doing wrong."*

Exodus 23:2

The study is set out in 5 chapters.

Chapter 1 provided the general introduction to the study, sketching the ethical dilemmas that the world is currently faced with as means to illustrate the importance

of business ethics as a discipline. This is followed by an overview and discussion of the viewpoints and requirements of professional accountancy and auditing bodies regarding business ethics and business ethics education as well as an overview on business ethics modules presented by certain South African universities in chapter 2. As was mentioned above, chapter 3 will provide an overview of the development of business ethics as a discipline. Chapter 4 presents an analysis of the findings gathered from students in business ethics by means of completion of questionnaires as to whether the attendance of business ethics courses has had an effect on students' ethical reasoning and perceptions. The final chapter, chapter 5, will consist of a conclusion as well as recommendations for improvement of business ethics courses and further research possibilities.

1.12 CONCLUSION

*“Leadership is a combination of strategy and character.
If you must be without one, be without the strategy.”*

H. Norman Schwarzkopf

In this chapter, the current unethical state of the world was sketched as introduction. Reference was made to certain aspects regarding recent corruption scandals, of which Enron probably remains the most infamous worldwide. In South Africa, the arms deal scandal received broad media coverage. The Lonmin protest also received extensive media coverage and can be viewed as a turning point in the post-apartheid history of South Africa. In this chapter, there was further indicated how unethical conduct can lead to the loss of public trust and even result in protest. Following that, the rationale of the study was briefly explained as well as the research methodology that will be followed. Lastly, the objective of the study and limitations on the study, followed by the chapter outline of the study were discussed. In the next chapter an overview of the development of business ethics of a discipline will be provided.

CHAPTER 2 – BUSINESS ETHICS EDUCATION IN THE FIELDS OF ACCOUNTANCY AND AUDITING

“A good name is more desirable than great riches; to be esteemed is better than silver or gold.”

Proverbs 22:1

2.1 INTRODUCTION AND BACKGROUND

“To educate a person in mind and not in morals is to educate a menace to society.”

Theodore Roosevelt

In chapter 1 it was already pointed out that the disciplines of accountancy are very old disciplines. The first book regarding the double entry concept, for example, was already written in 1494 by Frater Luca Pacioli (Sangster, 2010, p. 27). Considerable challenges for the accounting and auditing profession are set by, for instance, the globalisation of the world economy, complicated and high risk financial instruments that are continually developed, occurrences fundamental to the so-called economic crisis since 2007 and the unsustainable debt burden of the USA and certain European countries such as Greece, to name but a few. Another important factor that sets great demands for the accountancy profession is unethical business practices such as fraud scandals (see sections 1.2.1 - 1.3.6 for numerous current-day examples of unethical business practices).

A logical consequence of the background sketched above, is that the training and educational standards of the accounting and auditing professions should develop and adapt continuously to attempt to address these and similar matters and reduce the risks associated with these concerns. The so-called “harmonization” of international accounting and auditing standards (which was to a large extent brought

about by the Enron fraud scandal – see section 1.1) is probably the best example of the professions' attempt to do this.

Taking the previous into consideration, it is not surprising that in 2006, the well-known accounting history academic, Barbara Merino (p. 364) stated that accounting practitioners seem to be asking educators to broaden the accounting curriculum once again. Already in 1947, in the minutes of the inaugural meeting of the *Association of University Teachers of Accounting* (the predecessor of the *British Accounting Association* (BAA)) it was noted that accounting educators “*did not encourage independent thought. They also tended to divorce study of accounting from the student's other studies,*” (Zeff, 1997, pp. 9, 13).

In 2003, PricewaterhouseCoopers (PwC) issued a report titled *Educating for the Public Trust: The PricewaterhouseCoopers Position on Accounting Education* (PwC, 2003; Merino, 2006, p. 380). In the report, the airline industry is used as a comparison for three basic types of education graduates:

- a.) Technical graduates are compared with airline mechanics;
- b.) Disciplined graduates are compared with pilots; and
- c.) Creative graduates are compared with astronauts (Merino, 2006, p. 364; PwC, 2003, pp. 16, 17).

PwC makes the appeal that accounting education should concentrate on developing astronauts, who are the creative problem solvers, instead of mechanics, the technical problem solvers (Merino, 2006, p. 364; PwC, 2003, pp. 16, 17). One of the most important areas in the accountancy and auditing professions, in which “creative” problem solving is needed, is the field of business ethics. Ethical dilemmas are rarely “black and white” issues in which only one correct answer or method can be given. The ability to use “ethical imagination” and creative problem-solving is becoming critical to accountants and auditors. In 2002, previous AICPA president,

Barry Melanchon stated in his speech to the Yale Club that “[t]he *accounting professional must be skilled at implementing moral judgments so that he or she can consider the welfare of those affected by his or her actions*,” (Smith, 2003, p. 47).

In this chapter, a brief overview of accounting education for chartered accountants (CAs), with specific focus on CAs(SA), is given (section 2.2). That is followed by a concise historical overview of the structural development of accounting education, both internationally and for South Africa (sections 2.3.1 – 2.3.3). Another core aspect to be addressed is the proliferation in the development of business ethics as an academic discipline and the pressures to add more business ethics emphasis in the education curriculum for the accounting profession are another core aspect to be addressed in this chapter (section 2.3.4). Thereafter the responsibility of and ethical leadership to be provided by accounting educators is considered (section 2.4) followed by research on the viewpoints and requirements of professional accountancy bodies, both internationally and nationally, regarding business ethics education (section 2.5). The last section of the chapter provides an overview of business ethics modules presented by certain South African universities (section 2.6).

2.2 A BROAD OVERVIEW ON EDUCATION FOR CHARTERED ACCOUNTANTS

*“Morals are an acquirement - like music, like a foreign language,
like piety, poker, paralysis - no man is born with them.”*

Mark Twain

Three universal pillars to the educational requirements of becoming a chartered accountant, certified public accountant (CPA) or professional qualified accountant exist, even though the educational journey to becoming such a professional may differ significantly from country to country and sometimes even between the different professional accreditation bodies within the same country (Gammie, et al., 2010, p. 2; Foreign Credentials Referral Office Canada, 2010). (Note that subsequently the

term “chartered accountant” will be used and where applicable it will also refer to equivalent designations from other countries, for instance, the CPA designation of the USA.)

The three educational pillars comprise:

- a.) tertiary education (successfully completing a program of study in accountancy at an accredited university, college or equivalent academic institute)⁴;
- b.) professional education (passing of one or more examinations set by the relevant professional body); and
- c.) work experience (obtaining a specific amount of professional work experience in a variety of accountancy related areas) (AICPA, 2012a; Foreign Credentials Referral Office Canada, 2010; Gammie, et al., 2010, p. 2; CICA, 2012; SAICA, 2012).

The three elements are also referred to as “the three Es”, respectively representing a.) “Education”, b.) “Examination” or “Evaluation” and c.) “Experience” (CICA, 2012; AICPA, 2012a). In a South African context this will relate to as the following:

- a.) University education - successful completion of -
 - i.) a SAICA accredited undergraduate program (B Com Accounting degree or an equivalent CA(SA) undergraduate qualification); and
 - ii.) the Certificate in the Theory of Accounting (CTA) or an equivalent SAICA accredited post-graduate program (SAICA, 2012d; SAICA, 2012e; SAICA, 2012).

⁴ As standard policy, the professional accounting bodies in the United Kingdom do not require aspiring members to hold an accounting degree, although the possession of such a degree from an accredited institution can provide some exemptions from the complete examination program (Velayutham & Perera, 2008, p. 30). The traditional United Kingdom qualifying method comprises of part-time non-university study within an apprenticeship system (Lee, 1995, p. 62). This makes the United Kingdom an exception on the “rule” of completing an accredited university accountancy program to qualify as a chartered accountant. (Refer to section 2.3.2 for further elaboration on this topic.)

b.) Professional education: successful completion of -

- i.) the Initial Test of Competence (ITC) set by SAICA to be implemented as from 2013, previously known as part one of the Qualifying Examination (QE 1); and
- ii.) an accredited specialist course relevant to the candidate's selected training elective in either financial management (commerce) or auditing (public practice)⁵; and
- iii.) Part two of the Qualifying Examination (QE 2) (financial management elective) set by SAICA, or the Professional Practice Exam (PPE) (auditing elective) set by the Independent Regulatory Board for Auditors (IRBA). In 2014, these two examinations will be replaced by one single examination, namely the Assessment of Professional Competence (APC). Other than the PPE, SAICA will set the APC, which will be submitted to the IRBA for recognition (IRBA, 2011; SAICA, 2012f; SAICA, 2012; SAICA, 2011; SAICA, 2012g; SAICA, 2012j).

c.) Work experience: successful completion of trainee accountant work contract of a minimum of 36 months at a SAICA accredited training office and achieving -

- i.) the prescribed competencies;

⁵ The implementation of the new Assessment of Professional Competence (APC) will to an extent impact training contracts. According to a document released by SAICA (2012j, p. 6) "the assessment of professional competence (APC) will not focus on any one specific training contract elective, as specialism is considered to occur after qualification. The post-qualification specialism requirements will vary according to the specialist area chosen." SAICA (2012j, p. 2) states that the "[p]hilosophy of the old exam [QE 2] was to assess specific competence based on where the training contract was being undertaken (public practice versus commerce)" whereas the "[p]hilosophy of the new exam [APC] is to assess professional competence irrespective of where the training experience is acquired".

- ii.) a minimum of 3 600 core experience hours (the definition of the term “core experience” falls outside of the scope of this study – refer to the <https://www.saica.co.za/> for detailed information on the subject); and
- iii.) a minimum of 4 500 hours of work attendance (SAICA, 2012h; SAICA, 2012).

The focus of this study, especially the empirical section of the study (Chapter 4), falls on the first element of education, namely university education of chartered accountants and more specifically still South African university education for prospective chartered accountants with the emphasis on courses in business ethics. A broader, more holistic picture will, however, be sketched by also providing an overview on international university courses in business ethics for chartered accountants, as well as university courses in business ethics for students studying towards other business-related careers/professions than chartered accountancy.

In the next sections (2.3), the structural development of accounting education and the educational development and reform (referring specifically to university education) over time within the accounting profession and more specifically within the field of business ethics, will be discussed to provide a clearer historical perspective of educational development within these fields.

2.3 A BRIEF HISTORICAL OVERVIEW OF THE STRUCTURAL DEVELOPMENT OF AND REFORM IN ACCOUNTING EDUCATION

“Goodness is the only investment that never fails.”

Henry David Thoreau

2.3.1 INTRODUCTION

“The most remarkable thing about accounting as a field of study is that it is not so much a subject by itself as a synthesis of other subjects.”

W.T. Baxter

The systematic study of accounting history is a vital tool in learning from mistakes made in the past and in addressing questions on the structural development of the accounting profession, education and standard setting (Malinga, 2011; Verhoef, 2011a; UJ, 2011a). Such inter-disciplinary inquiry can also be beneficial in enhancing the understanding of the interaction of accountancy with society on a socio-economic level, reflecting on how to improve the contribution of the accountancy profession to society and ensuring the sustainability and healthy development of both the accountancy profession and business sector, in South Africa as well as internationally (Verhoef, 2011a; UJ, 2011a).

The establishment of a profession⁶ is usually associated with the following steps (of which the succession may differ in specific historical context):

1. The widespread identification of specific fulltime work;
2. The establishment of education, training and examination structures;

⁶ Note that, as already stated under section 1.4, a discussion on what exactly constitutes a profession, falls outside of the scope of this study. For further information on this topic refer to Marx, et al., 2011, p. 1-7.

3. The founding of professional associations;
4. Initiatives to gain juridical acknowledgement; and
5. The formulation of an ethical code to gain admission to the profession (Verhoef, 2011b, p. 578; Elliot, 1972, pp. 113-114).

Following is firstly, a brief description of the structural development of the accounting profession, both internationally and in South Africa (with specific focus on the establishment of education structures - see 2 above) and secondly a brief description of reform and change necessitated within accountancy education over the years, again both internationally and in South Africa.

2.3.2 A BRIEF HISTORICAL OVERVIEW ON THE FIRST PROFESSIONAL ACCOUNTING BODIES

“Ethics should precede economics... We know this because we've seen the results of capitalism without conscience: the pollution of the air we breathe, the water we drink, and the food we eat; the endangerment of workers; and the sale of dangerous products -- from cars to toys to drugs. All in pursuit of greater and greater profits.”

Arianna Huffington

The world's first professional accounting body, the Institute of Chartered Accountants of Scotland (ICAS), received its Royal Charter⁷ in 1854 (ICAS, 2010, p. 2; ICAEW, 2012b; Lee, 1995, p. 50). The formation of professional accounting bodies in the nineteenth century resulted mainly due to the need to provide a unified

⁷ According to Lee (1995, p. 51), “[in] particular, the Scottish accountancy bodies sought legitimacy in Royal Charters. The primary significance of this was the creation of institutions with royal permission to self-regulate professional accountancy, and to describe their members as chartered accountants... It was a deliberate act to publicly separate chartered accountants from other accountants, provide a basis for public confidence in the work of chartered accountants, and stimulate demand for their accountancy services.”

view on accountancy matters, to ensure that accounting and auditing services were provided by appropriately qualified individuals for the benefit of the public and to prevent an oversupply of accountancy services by limiting the number of chartered accountants (Lee, 1995, p. 49 & 50). The formation of the bodies further led to the need to distinguish these bodies' members from non-members and to attest to its members' competency and integrity (Edwards, 1987, p. 14; Velayutham & Perera, 2008, p. 30). This prompted an interest in accounting education and led to the professional accounting bodies setting professional examinations for persons aspiring to obtain registration (Velayutham & Perera, 2008, p. 30; Lee, 1995, p. 52). The early education of accountants and the initial preparation for these professional examinations followed the English tradition of apprenticeships, which focused mainly on training in bookkeeping and auditing skills (Lagenderfer, 1987, p. 304; Velayutham & Perera, 2008, p. 30).

According to Lee (1995, p. 54), leaders in the field of accountancy wanted to change the *“public perception of accountants from bookkeepers to professionals”*. They wanted to improve the status and respectability of accountancy to that of a “true élite” profession, such as medicine or law, by obtaining the characteristic educational foundation through the development of accounting programmes at universities (Lagenderfer, 1987, p. 304; Chu & Man, 2012, p. 119; Velayutham & Perera, 2008, p. 30; Lee, 1995, pp. 50, 52). According to Velayutham & Perera (2008, p. 30) *“[i]n the 1950s, the professional accounting bodies in the US began requiring aspiring members to complete an accounting undergraduate degree prior to taking professional examinations. Today an accounting undergraduate degree requirement has become standard policy of professional bodies in the United States, Canada, Australia and New Zealand. In the United Kingdom, however, an accounting degree requirement is not a standard policy of the professional accounting bodies, but the possession of such a degree from a recognised tertiary institution provides aspiring members with some exemptions from the full examination structure”*.

2.3.3 AN OVERVIEW ON THE HISTORICAL DEVELOPMENTS OF THE SOUTH AFRICAN ACCOUNTANCY PROFESSION

“The most powerful moral influence is example.”

Huston Smith

Although the South African accounting profession’s international recognition has a rich history of development, no systematic research on the establishment of the accounting profession in South Africa had been undertaken until very recently⁸ (Verhoef, 2012, p. 1; Verhoef, 2011b, pp. 577, 579; Verhoef, 2011a). In 2009, the Department of Accountancy at the University of Johannesburg (UJ) established the *South African Accounting History Centre* (SAAHC), a multi-disciplinary facility dedicated to study in the distinct focus area of accounting history in South Africa (Verhoef, 2011a; Malinga, 2011; UJ, 2011a; UJ, 2011b). The SAAHC is the first centre of its kind to be established in South Africa and the African continent (UJ, 2011b). The SAAHC was granted a tender put out by SAICA in 2009 to conduct an in-depth, historical research study and publish a report on the development of the accounting profession in South Africa (UJ, 2011a; UJ, 2011b; Verhoef, 2011a). The director of the SAAHC is Professor Grietjie Verhoef, an economic, accounting and business historian, who is also the vice-president of the *International Economic History Association* (UJ, 2011b; Verhoef, 2011b, p. 575). Following is a short

⁸ Professor Lucas van Vuuren was one of the only researchers on Accounting History in South Africa during the latter half of the twentieth century, although the field of Accounting History has been gaining interest internationally since the 1970s (Verhoef, 2011a; UJ, 2010). The groundwork for the SAAHC was laid by Van Vuuren (who is a visiting professor at UJ) when he donated his invaluable collection of original accounting history documents and books to the UJ Library Rare Book Collection in 2008 (Verhoef, 2011a; UJ, 2010). According to Verhoef (2011a) Van Vuuren’s “*experience in teaching Accountancy, as well as an understanding of the relevance of accounting history in understanding the socio-economic interaction of accountancy with society, helped to negotiate the way forward for the accounting profession in South Africa... [and] gave him the perseverance to insist that accounting history as a field of scholarly inquiry can enhance the study of accountancy to those leading in business and finance in South Africa.*”

summary about the development of the South African accounting profession, which is based largely on Verhoef's research.

The discovery of diamonds (1867) and gold (1886) at the southern point of Africa attracted the attention of the world, but especially British businessmen invested in the new enterprises and established limited liability companies on large scale in the country now known as South Africa (South African History Online, 2012b; South African History Online, 2012c; Verhoef, 2011b, p. 579; Verhoef, 2011a). Accountants soon followed the influx of British businessmen, as the nature of business became more complex and sophisticated and the demand for their specific expertise in the commercial sector increased (Verhoef, 2011b, p. 580). Most of these accountants were members of the Society of Accountants and Auditors (SAA) (established in 1885 in Britain), the ICAEW or the Scottish professional societies and which helped them to soon established professional associations in each of the four former British colonies that made up the Union of South Africa from 1910 (UJ, 2011a; UJ, 2011b; Verhoef, 2011a; Verhoef, 2011b, pp. 579, 581, 584). According to Verhoef (2011a) the legacy of the British professional associations can be traced in the history of the professional associations that had developed in the Transvaal Colony since 1904 and in the Natal, Orange River and Cape Colonies since 1907. Except for the Society of Accountants and Auditors in the Orange River Colony (SAAORC), each of these professional associations conducted professional qualifying examinations after formation (Verhoef, 2012, p. 7; Verhoef, 2011b, pp. 579-581). In 1921, examinations were consolidated on a national scale when the four societies established a joint *General Examination Board* (GEB) (Verhoef, 2012, pp. 2, 7; Verhoef, 2011b, p. 586). The GEB determined that a Baccalaureus degree in the field of commerce (including the "professional subjects" prescribed by the GEB) from any South African university⁹ and completion of the required practical work experience would be necessary for admission to the final GEB examination (Verhoef, 2011b, p. 586). The

⁹ According to Van Vuuren & Verhoef (2012, p. 160), the *Financial Times* noted in 1926 that "in comparison with Great Britain, the Universities of the newer world [Canada, Australia, New Zealand and South Africa] exhibited a much keener appreciation of the value of accountancy in the educated business life of today." (Refer to footnote 3 for further information on university education for CAs in the UK presently.)

promulgation of the *Accountants Designation (Private) Act, No 13 of 1927* led thereto that only members of the four provincial accounting associations were allowed to use the designation Chartered Accountant of South Africa (CA(SA)) as from 1927 (Verhoef, 2011b, p. 586).

Since 1951, when the *Public Accountants' and Auditors' Act, No 51 of 1951*, was passed, the profession in South Africa has been subjected to statutory regulation (Verhoef, 2012, pp. 3, 5; Verhoef, 2011b, p. 591; UJ, 2011a; UJ, 2011b). This was the first time in the history of the profession in any part of the world¹⁰ that statutory regulation was established (Verhoef, 2011b, p. 591). According to the Act, the Public Accountants' and Auditors' Board (PAAB) was established as the statutory regulator of the profession to oversee that high standards are upheld in the profession, to improve protection of the public interest and to increase public and parliamentary trust in the profession¹¹ (Verhoef, 2012, p. 3; Verhoef, 2011b, p. 594). The responsibilities of the PAAB included examinations, credentialing, licensing, the administration of clerkships and the handling of disciplinary matters (Verhoef, 2012, pp. 3, 8; Verhoef, 2011b, pp. 591-593).

¹⁰ Other South African “firsts” for the profession was that South Africa was the first country in the world to adopt the International Financial Reporting Standards (IFRS) as official reporting standards in 2004, as well as being the first country to implement IFRS for Small and Medium Entities (SMEs), having already had two years of experience in implementation when the International Accounting Standards Board (IASB) issued the final IFRS for SMEs in 2009 (Verhoef, 2012, pp. 19-21, 26). What makes these achievements even more remarkable is the fact that South Africa was excluded from global accounting integration and was academically isolated during the 1980s due to international sanctions aimed against the country's domestic political policies (Verhoef, 2012, p. 25). (See section 1.7 for further elaboration on how the South African accounting profession measures up to its international counterparts.)

¹¹ Only in 2002 did international scandals such as Enron (see section 1.1 for more detail) in the USA, lead to similar statutory regulation, namely the *Sarbanes-Oxley Act of 2002*, to place greater fiduciary responsibility on accountants to protect the public interest (Verhoef, 2011b, p. 593).

Very low pass rates in the first years that the PAAB conducted the qualifying examinations, prompted an investigation into and very critical report about education in the profession (Verhoef, 2012, p. 9). According to Verhoef (2012, p. 9) “[t]he report proposed closer collaboration with universities to enhance a more academic university education which would culminate in a post-graduate Certificate in the Theory of Accountancy (CTA). The profession retained control over the final qualifying examination. These developments ushered in the development of a ‘graduate profession’ for accountants in South Africa, with the PAAB accrediting universities’ graduate training and CTA syllabi. This was a programme called the ‘university training scheme’ for accountants... By 1960 most of the South African universities participated in the university training scheme for accountants.”

In 1980, the four provincial professional organisations unified to form the South African Institute of Chartered Accountants (SAICA), the first professional body to represent all chartered accountants in South Africa (UJ, 2011b; ASA, 2010; Verhoef, 2012, p. 14). In 2005, the PAAB was replaced by the Independent Regulatory Board of Auditors (IRBA), as according to the *Auditing Profession Act, No 26 of 2005*. The *Auditing Profession Act, 2005* repealed the *Public Accountants’ and Auditors’ Act, No 80 of 1991*¹² (which in turn repealed the *Public Accountants’ and Auditors’ Act, No 51 of 1951*) (Verhoef, 2012, p. 18; RSA, 2006, pp. 68, Sec 60). “IRBA subsequently was given the statutory duty to education, training and professional development of registered auditors, to accredit professional bodies, to register auditors, regulate their conduct and develop and maintain internationally comparable ethical standards and auditing standards to promote investment in South Africa,” according to Verhoef (2012, p. 18).

¹² The implementation of the *Auditing Profession Act, 2005* separated the regulation of the audit profession from that of the accounting profession in South Africa (Verhoef, 2012, p. 18; Verhoef, 2011b, p. 590).

2.3.4 A HISTORICAL OVERVIEW OF INTERNATIONAL DEVELOPMENTS IN ACCOUNTANCY EDUCATION

“The essence of immorality is the tendency to make an exception of myself.”

Jane Addams

Through the course of history, as trade and the economy expanded and the body of accountancy knowledge grew, accounting education were repeatedly required to adapt to keep abreast of modern needs and the swiftly changing environment (Chu & Man, 2012; Russel & Smith, 2003; Robson, et al., 2003; IFAC, 2010, p. 53). As the words ascribed to the pre-Socratic Greek philosopher, Heraclitus states, *“the only constant is change.”* CAs nowadays need to have a much wider range of knowledge, skills and abilities than CAs of prior generations (Roberts, et al., 2007). According to Dr Gideon Els *“[i]n these days and times, an education programme for CAs needs to go beyond the traditional educational approach that emphasised ‘transfer of knowledge’... but also [include] the tools for learning and development after qualification. This means providing a foundation for lifelong learning,”* (2007, p. 3). Ethical reasoning and problem solving is one such “skill” that cannot be taught by mere theoretical instruction due to the values based, integrated, and subjective nature of the topic.

Since the inception of university courses in accounting over a century ago, one of the main criticisms against accounting education has been that it is too narrow and too technical (Chu & Man, 2012, p. 119; PwC, 2003, p. 6; Nelson, 1995, pp. 62-63; Merino, 2006, p. 363; Els, 2007, p. 3). According to research performed by Chu and Man (2012, p. 119), *“[a]ccounting education in universities began in the United States in 1883. The early professional accountants wanted the education model for accountants to be similar to the law and medicine model. They envisioned a liberal arts education followed by study in a professional school of accountancy. The pioneer university accounting programs focused on technical training and the CPA [Certified Public Accountant] exam rather than the broad based liberal arts training*

desired by the profession.” Similar research was performed by Velayutham and Perera (2008, p. 30).

Previts and Merino (1979, pp. 154-155) quoted by Nelson (1995, p. 63), also referred to the existence of similar problems with the following: “[a]fter securing acceptance for accounting curricula in universities, accountants began to advocate an expansion of university education to realize the goals of broader, more conceptual programs ... Accounting, they believed, required a wide range of knowledge and minds trained to think analytically and constructively. They supported a broad program emphasizing theory and philosophy and were disappointed when the evidence accumulated that accounting educators tended to emphasize the narrow, technical training.” Problems and criticisms such as these named above, were and are however not only applicable to accountancy education, but also to “business” education in the broader sense of the word, of which MBA courses are to a certain extent representative. Following, is a couple of examples of “early” criticisms and appeals for educational reform in accounting and MBA (“business”) related courses to substantiate “*the constancy of criticism and the failure of any criticism to effect meaningful change in the delivery of accounting [and other ‘business’ related] courses,*” as according to Merino (2006, p. 373).

The accounting pioneer and first American-born senior partner of the then *Price Waterhouse*, Joseph Sterrett, focused on the moral dimensions and the broad social vision accountancy might adopt through progressive ethics and education (Merino, 1975, p. 62; Merino, 2006, p. 366; Fisher College of Business, 2012a). In 1907, Sterrett was elected as president of the American Association of Public Accountants (AAPA - a forerunner of the American Institute of Certified Public Accountants or AICPA) and prepared a paper titled “*Professional Ethics*”, which was presented at the annual convention of the association and also published in *The Journal of Accountancy* (Schildneck, 2005; Merino, 1975, p. 63; Merino, 2006, p. 381; Sterrett, 1907). Herein, he stressed that simply complying to written rules does not warrant ethical conduct and that “...*the word ‘professional,’ when used in conjunction with*

'ethics' does not imply any modification or even limitation of moral principles," (Merino, 1975, p. 64).

In 1905, Sterrett published an article titled "*Education and Training of a Certified Public Accountant*" in the first issue of *The Journal of Accountancy* which has been called the "*flagship publication of the American Institute of Certified Public Accountants*" (AICPA, 2012b; Merino, 1975, p. 63; Schildneck, 2005; Humphrey, 2005; Sterrett, 1905). In this article he promoted the view that a broad liberal education should serve as the basis for accountancy study since more is required of an accountant than mere technical skill, also stating that he did not consider a single technical examination for admission sufficient to establish a profession on (Merino, 1975, p. 63; Merino, 2006, pp. 366, 377). The same sentiment was expressed by Elijah Watt Sells¹³ (1915), John Dewey¹⁴ (1916), William Sanders Davies¹⁵ (AIA, 1917), Leon Carroll Marshall (1926, p. 317), Robert Aaron Gordon and James Edwin

¹³ Sells was a co-founder of Haskins & Sells, which was the first major auditing firm in the U.S.A. to be established by American accountants as opposed to British accountants (Fisher College of Business, 2012b). Haskins & Sells was a predecessor of the current "Big Four" auditing firm, Deloitte (Deloitte, 2012; Fisher College of Business, 2012b). The *Elijah Watt Sells Award*, which was established in 1923, is annually presented to candidates who achieve the best marks on the CPA exam (Deloitte, 2012; Fisher College of Business, 2012b).

¹⁴ According to Merino (2006, p. 368) "[Dewey] coined the phrase 'education through occupation,' which requires education to be progressive and intellectually challenging with social good as its aim. He contrasted this phrase with 'education for occupation,' a type of schooling that is boring, technical, passive, and unacceptable. He argued that education through occupation must acknowledge the full intellectual and social meaning of the vocation. Doing so required instruction in the history and social obligations of a discipline, as well as training in science, economics, civics, and politics. This type of education would make students aware of current social problems and provide them with the ability to analyse those problems and to suggest improvements," [emphasis added].

¹⁵ Davies served as the first president of the American Institute of Accountants (AIA) (Flesher, et al., 1996; Merino, 2006, p. 369). In the AIA's 1917 yearbook (p. 46), Davies criticized accounting educators because according to him they proceeded on the "*erroneous assumption [that] preparing men for the CPA examination was what was most needed, and placed insufficient emphasis on accounting theory*," (Merino, 2006, p. 369).

Howell¹⁶ (1959) (whose study, *“Higher Education for Business,”* was commissioned by the Ford Foundation) and Frank Cook Pierson¹⁷ (1959) (whose study, *“The Education of American Business Men: A Study of University-College Programmes in Business Administration,”* was commissioned by the Carnegie Foundation) (Fisher College of Business, 2012b; Merino, 2006, pp. 365, 367, 369; Flesher, et al., 1996, pp. 256-257; American University, 2012; The Economist, 2009; Bowen, 1960, p. 512). Bowen (1960, pp. 511-512) remarked the following about the latter two (the so called “Gordon-Harris and Pierson reports”): *“[t]hat two leading foundations (Ford and Carnegie) should simultaneously commission major studies on collegiate education for business may have been purely coincidental. Yet the coincidence suggests that influential educational leaders have suspected the need for reform of business education. Both studies have confirmed this suspicion.”*

Appeals and criticisms did not come from only “external” accounting professionals and academics, but also internally from professional accounting bodies. In December 1960, the AICPA held a conference on accounting education where the

¹⁶ In an article published by the Economist (2009) in commemoration of *“the 50th anniversary this year [2009] of a seminal commentary on the state of American business schools...”* thus referring to the so called “Gordon-Howell report,” the following summary of the report was given: *“...[the] conclusions damned schools to their foundations. The curricula offered were narrow... with the authors calling for more research and less consulting work by faculty... and more teaching of ethics... Gordon-Howell urged schools to include mathematics, strategy, arts and sciences in their programmes.”*

¹⁷ The study by Pierson focused on the shortcomings in the curriculum of undergraduate business courses and especially emphasised the problem of tunnel vision due to over specialization (Diamond & Robison, 2008, p. 1; Bowen, 1960, p. 512). According to the article *“Collegiate Business Education at a Crossroad”* by Diamond and Robison (2008, p. 3), in which referral is made to the “Pierson and Gordon-Howell reports”, *“[i]nterestingly, the criticism of undergraduate business education in 2008 is remarkably similar to the concerns raised in 1959. After broadening out their curricula’s in the 1960s, 1970s and 1980s, business schools began again to add more and more specialties and increasingly stringent requirements for business credit hours, often at the expense of liberal arts and humanities courses. The liberal arts are seen as something to be pursued in the first two years of undergraduate study, before moving across the street to the business school when the student became serious about education. Valid criticisms remain. There has really been little attempt to integrate in a meaningful way liberal arts into the overall undergraduate business curriculum.”*

AICPA stated that part of their objectives for accounting education is to focus more on “*broad problem solving*” than “*specialized competence*” (Merino, 2006, p. 370). In 1967, the AICPA published a research study (that was jointly financed by the AICPA and the Carnegie Corporation) performed by Roy and MacNeill (1967) on a recommended “*common body of knowledge for certified public accountants*” titled *Horizons for a Profession* (Kuhlmann, 2011; AAA, 1972, p. 239; Velayutham & Perera, 2008, p. 30). The study encouraged exposing accounting students to a broader range of topics including e.g. the humanities, behavioural science, law and mathematics, but the study ultimately had very little impact on the basic accounting curriculum (Merino, 2006, p. 370; MacNeill, 1987, p. 26). In 1987, two decades after *Horizons for a Profession* was published, MacNeil stated that he and Roy had been naive to think that accounting lecturers would take responsibility to develop students’ communication skills or that accounting education would reform to be less technical and more stimulating and relevant (Merino, 2006, p. 370; MacNeill, 1987, pp. 26, 27).

According to Needles and Powers (1990, pp. 250, 251), at least 17 models for amendment in accounting education were published between 1967 and 1987, although none of them had significant influence (AAA, 2012). One of the more well-known models were commissioned by the American Accounting Association (AAA) in 1986, who appointed a special committee to make recommendations on the future, structure, content and scope of accounting education, which were published as the *Bedford Report* (Klimek, 2004, p. 41; Merino, 2006, p. 372; Robson, et al., 2003, p. 26). The committee criticised accounting education for not changing with the profession and stated that there existed a disparity between what the profession does and what educators teach (Robson, et al., 2003, p. 26). The committee appealed that accounting education should no longer be so narrow and technically orientated that the only focus of the education is preparing students to pass qualifying examinations, because the profession needs more broadly educated persons as the extent of services stretch well beyond auditing (Merino, 2006, pp. 369, 372; Klimek, 2004, p. 26; NZICA, 2012).

The same views were reiterated in the *Carnegie Report* (1986), the *Big Eight White Paper*¹⁸ (1989), the 1999 report issued by the Accounting Education Change Commission (AECC)¹⁹, the report by Albrecht and Sack²⁰ (2000) and the PwC²¹ (2003) report on accounting education (Robinson, 2011, p. 26; Merino, 2006, pp. 364, 369, 371; Georgia State University, 2012; NZICA, 2012).

According to Merino (2006, p. 372), “the Bedford Report included six areas as essential for professional accounting education: (1) design and use of information systems, (2) communication, (3) decision problems and information in organizations, (4) financial reporting and public reporting, (5) knowledge of the accounting profession (history and ethics), and (6) specialized accounting education.” The *Carnegie Report* (1986) on colleges also identified broader topics that should be addressed in all academic disciplines, such as the history and tradition of the discipline, the social and economic implications of the discipline and the social and moral issues to be confronted in the discipline (Boyer, 1987, p. 195; Merino, 2006, p. 371). Thus it is clear that the Bedford Committee and the Carnegie Report

¹⁸ According to the online American English Oxford Dictionary (http://oxforddictionaries.com/definition/american_english/white+paper?region=us) a white paper is “a government or other authoritative report giving information or proposals on an issue”. The 1989 *Big Eight White Paper* is officially known as “*Perspectives on Education: Capabilities for Success in the Accounting Profession*” and was endorsed by all eight of the then Big 8 firms.

¹⁹ With the help of sponsorship from accounting firms, the AAA appointed the AECC in 1989 for a limited life time of seven years, during which the AECC organised workshops and symposia and did research and issued reports on proposed changes in the accounting education (AAA, 2012; Velayutham & Perera, 2008, p. 30).

²⁰ The study by Albrecht and Sack (2000, p. vii) titled *Accounting Education: Charting the Course through a Perilous Future*, was jointly sponsored by the AAA, the AICPA, the Institute of Management Accountants (IMA) and all of the then “Big 5” auditing firms. According to the study, accounting programmes in the USA were experiencing a decrease in student enrolments in the period preceding the study and the AECC’s endeavours to improve accounting education had either been misallocated or not extensive and feasible enough (Albrecht & Sack, 2000, p. vii; Velayutham & Perera, 2008, p. 30).

²¹ See section 2.1 for a brief discussion on PwC’s 2003 report titled *Educating for the Public Trust: The PricewaterhouseCoopers Position on Accounting Education* (PwC, 2003; Merino, 2006, p. 380).

recommended that a critical understanding and analysis of the history of the profession as well as the ethical and social implications of modern professional work should form integral parts of accounting education (Haas, 2005; Merino, 2006, p. 373; Cooper, et al., 2005, p. 380). In Boyer's (1987, pp. 109, 110) policy report (sponsored by the *Carnegie Foundation for the Advancement of Teaching*) entitled *College: The Undergraduate Experience in America*, he stated that "if a major is so narrow and so technical that it cannot be discussed in terms of its historical and social implications, if the work is so technical that it cannot be a broadening experience, then the department is offering mere technical training and belongs in a trade school, not a college campus," (ERIC, 2012; Merino, 2006, p. 373).

Changes in accountancy education were not limited to overseas' countries, but also took place in South Africa. In 1966, the PAAB established the Common Body of Knowledge Committee (COBOK), which according to Verhoef (Verhoef, 2012, p. 10) had to "identify the core common body of knowledge, as well as to define the knowledge and intellectual values newly-qualified accountants would require to keep abreast of future developments... [which resulted in conclusions that] [t]he complexity and diversity of the services professional accountants were required to render, increasingly called for a broad, catholic education such as provided by a degree in humanities, arts or sciences as core to the competency framework and profile of accountants".

Much of the criticism against, and many of the problems experienced, in accounting education more than a century ago, still exists today, for instance too much emphasis being placed on qualifying examination preparation and technical training at the expense of education that focuses on e.g. broadening the knowledge base, flexibility, creativity, cultivating an understanding of the social obligations of the profession and developing communication, interpersonal and critical thinking skills (Nelson, 1995, p. 62; Merino, 2006, p. 364; Turner, 2006, p. 405). However, as stated by Nelson (1995, pp. 63, 64) "[d]espite practitioners' concerns, the trend away from a liberal education toward technical training continued throughout the

twentieth century. As time passed, the magnitude and complexity of the required 'common body of knowledge' expanded at an exponential rate. Income tax legislation was passed and the SEC [Securities Exchange Commission] was created... This 'knowledge explosion' compounded a classic three-way educational dilemma: breadth of education versus depth of learning versus technical coverage ... As the common body of accounting knowledge expanded, educators responded by adding specialized accounting courses (Previts & Merino, 1979, p. 154). Unfortunately, this further reduced the liberal education component in accounting programs, which practitioners had felt was too sparse from the beginning. Thus, the breadth of education was further narrowed. Depth was sacrificed, as well. Courses came to be used 'as a funnel to pour information into a student'."

From the preceding discussion it seems that a crisis of confidence has existed in accounting education for many years and to a certain extent continues to exist and perhaps always will (Velayutham & Perera, 2008, p. 33). The fact that numerous research studies about changes needed in accounting education and pleas by especially practitioners to broaden the accounting curriculum, often did not have a significant impact, or improve the situation (Merino, 2006, p. 364; Tilt, 2010, p. 37).

All the studies and research mentioned above, identifying more or less the same problem to seemingly no or very little effect, brings to mind the definition of insanity, attributed to Albert Einstein: "*Insanity - doing the same thing over and over again and expecting different results,*" (NZICA, 2012; Bourke, 2011, p. 4). But simple frustration about the slow change taking place in accountancy education does not discharge accounting educators of their responsibility to broaden the horizons of accounting students and, as according to Sullivan (2005, p. 25), attempt to "*integrate learned competence with educated conscience,*" (Merino, 2006, p. 364; Tilt, 2010, p. 37).

2.4 RESPONSIBILITY OF AND ETHICAL LEADERSHIP PROVIDED BY ACCOUNTANCY EDUCATORS

“A good leader is a person who takes a little more than his share of the blame and a little less than his share of the credit.”

John C. Maxwell

Court cases, media criticism, alleged involvement in fraud scandals, public scrutiny and considerable out-of-court settlements have become common elements in the auditing and accountancy sector (Lee, 1995, p. 63; Cohn, 2011a; Grunbaum, 2011; McKenna, 2012; Wilonsky, 2012; Rosenblatt & Gullo, 2012). Historically, professional work (such as accountancy and auditing services provided by a CA) has been considered a vocation, established on a social contract that demands commitment to serving the public interest (see section 2.3 for referral to early accounts', such as Sterrett, Sells, Dewey, Davies, Marshall, Gordon, Howell and Pierson, concern with public duty, professionalism, ethics and accountability) (Merino, 2006, p. 375; Lee, 1995, pp. 54, 55, 63). According to Lee (1995, pp. 63, 65), the problem with accountants is a loss of commitment to their covenant to protect the public interest, only using their so-called “commitment” as a façade to pursue economic self-interest, making the accountancy profession similar to any other kind of profit-based enterprise.

In the same way that a board of directors and top management set the ethical direction and are responsible for a company, the future of the accounting profession depends substantially on ethical leadership by accounting educators (Smith, 2003, p. 49). The examples of occurrences taking place in the auditing and accountancy sector, named in the first sentence of this section (2.4), call for greater responsibility and accountability of accounting educators and universities (Swanson, 2005, p. 251; Merino, 2006, pp. 363, 364).

In an article entitled *Business Ethics Education at Bay: Addressing a Crisis of Legitimacy*, Swanson (2005, p. 251) quotes Texas A&M University's then president, Robert Gates, saying the following about educators and universities' responsibility regarding post-Enron business scandals: *"All of these liars and cheats and thieves are graduates of our universities. The university community cannot avert its eyes and proclaim that this is not our problem, that there is nothing we can do, or that these behaviours are an aberration from the norm."*

In his last journal article, the late Sumantra Ghoshal of the London Business School stated, *"we – as business school faculty – need to own up to our own role in creating Enrons. Our theories and ideas has done much to strengthen the management practices that we are all now so loudly condemning,"* (Knapp, 2005, p. xi). According to Craig & Armenic (2002, p. 146) *"[w]e must not simply conceive accounting as existing to teach technical menus of subject fare... according to the demands posed by vogue conceptions of capitalism. It is important to encourage social critique and 'deviations' from this mainstream. Sadly, the professional pressure on accounting academics to conform to market forces is almost overwhelming. Too few are engaging in social critique."*

Merino (2006, p. 375) also supports the idea of accounting educators engaging students in social critique and further advocates that educators should develop integrative courses that raise provocative questions about the role of accounting in present-day society and that challenge students to be both experts and critics. A educational movement like this – away from the notions that "accountants work with numbers, not people" and that there is "always only one correct answer" to every question, should greatly help to improve accountants' skills to reason about and deal with complex and original questions and situations in which ambiguity and uncertainty are involved, such as ethical dilemmas (Nelson, 1995, p. 65). The accounting (as well as related subjects) classroom offers indefinite opportunities to cultivate ethical reasoning and behaviour by encouraging debate about business ethics issues and the social implications of accountancy (Smith, 2003, p. 49).

Unfortunately, it seems that in the present-day, consumerism is dominating universities and that these institutions have become more of *“a commercial entity than an intellectual community”* as stated by Martin (2001) and quoted by Craig & Armenic (2002, p. 146) (Merino, 2006, p. 376). According to Michael M. Crow, president of the Arizona State University, knowledge is *“a form of venture capital”*, university educators should be viewed as *“academic entrepreneurs”* and a university as a *“knowledge enterprise”* (Blumenstyk, 2001; ASU, 2012; Merino, 2006, p. 375; Giroux, 2003, pp. 182, 183).

From the above, a comparison arises between university accountancy education and professional accountancy work. This is with regards to the tension between, on the one hand, professionalism, vocationalism and serving the public interest and on the other hand, pursuing economic self-interest (Merino, 2006, pp. 376, 378) (Merino, 2006, p. 375; Lee, 1995, pp. 54, 55, 63). Both university educators and CAs have social responsibilities and public duties that should transcend economic self-interested behaviour (Giroux, 2003, p. 183; Merino, 2006, p. 376; Lee, 1995, pp. 48, 55; Swanson, 2005, p. 151; Craig & Armenic, 2002, pp. 130, 139). Concerning this economic self-interested behaviour in universities, Merino (2006, pp. 376-378) states that *“[a]s long as market rhetoric dominates in academia, there is no reason to think that accounting academics will find it rational to incur the extra costs associated with implementing teaching strategies that focus on developing creative thinkers who understand the broad role that accounting plays in contemporary society. I recognize that many individual accounting faculty members have ignored market rhetoric and have developed innovative and challenging courses... because they have a firm commitment to professional education, but they usually do so at a personal cost. Widespread curricula change that would lead to integrated courses that result in producing... creative thinkers rather than... technical thinkers, requires significant time and effort be devoted to pedagogy.”*

2.5 VIEWPOINTS AND REQUIREMENTS OF THE INTERNATIONAL FEDERATION OF ACCOUNTANTS REGARDING BUSINESS ETHICS EDUCATION

"Conventionality is not morality."

Charlotte Bronte

2.5.1 INTRODUCTION

"A great man is always willing to be little."

Ralph Waldo Emerson

The *International Federation of Accountants* (IFAC) is probably the most important global organizations for the accountancy profession. At the time the study was performed, IFAC was comprised of 173 members bodies and associates, representing approximately 2 500 000 accountants working in diverse fields in 129 countries and jurisdictions (IFAC, 2012a). According to background information on IFAC (2010, p. 4) *"[n]o other accountancy body in the world and few other professional organizations have the broad-based international support that characterizes IFAC."* Thus, IFAC's position on ethics education has a significant impact on ethics education for the worldwide accountancy profession, especially referring to IFAC member bodies that have obligations related to implementing and adhering to standards and policies of IFAC²² (IFAC, 2010, p. 19).

²² However take note that, as stated by IFAC (2010, p. 19), *"[s]ome IFAC member bodies are subject to the requirements of law or regulation within their jurisdictions. IESs [International Education Standards] cannot legally override educational requirements or restrictions placed on individual IFAC member bodies by such laws or regulations. In cases where IESs set a higher requirement than laws or regulations, the IFAC member body should use its best endeavours to persuade those responsible to incorporate the essential elements of IESs into those laws or regulations."*

In pursuit of its mission to improve accounting education for the public interest's sake, IFAC established the *International Accounting Education Standards Board* (IAESB) (formerly known as the *Education Committee*) “to function as an independent standard-setting body²³ under the auspices of IFAC” (IFAC, 2010, p. i; Leung, et al., 2006, p. i). According to an overview published by the IFAC (2011, p. 1), the IAESB “enhances education by developing and implementing *International Education Standards [IESs]*, which increases the competence of the global accountancy profession... The IAESB is focused on developing the professional knowledge, skills, values, ethics, and attitudes of the accountancy profession. It develops and issues publications... [such as the] *International Education Standards (IESs)*...”

One of the consequences of the increasing pressure to devote more attention to ethics, and especially business ethics education, from different stakeholders on the IFAC and its member bodies (such as the SAICA) was that of the eight International Education Standards (IES), an entire standard is devoted to Professional Values and Ethics (IES 4) (IFAC, 2012c; Leung, et al., 2006, p. 112; Cooper, et al., 2008; Ramos, 2009). According to IES 4, par 2 (IFAC, 2010, p. 53), the aim of IES 4 is “to ensure that candidates for membership of an IFAC member body are equipped with the appropriate professional values, ethics and attitudes to function as professional accountants ... [by] prescrib[ing] the professional values, ethics and attitudes professional accountants should acquire during the education program leading to qualification.”

²³ The IAESB, together with the *International Auditing and Assurance Standards Board* (IAASB), the *International Ethics Standards Board for Accountants* (IESBA) and the *International Public Sector Accounting Standards Board* (IPSASB), are collectively referred to as the *Public Interest Activity Committees* (IFAC, 2010, pp. 4, 5). All of the aforementioned organizations are independent standard-setting boards that help protect the public interest by developing, promoting and enforcing internationally recognized pronouncements and standards (such as the International Education Standards (IESs) issued by the IAESB) under the oversight of IFAC (IFAC, 2010, p. 4).

Since IES 4 took effect in 2005, it has been revised and the latest edition was issued in 2010 (IFAC, 2012c). According to a notification on IFAC's website (IFAC, 2012c) the 2010 edition of the *Handbook of the International Education Pronouncements*, in which the most recent revised edition of IES 4 appears, "*will remain in effect during 2012*". On 27 July 2012, a proposed revised IES 4, titled "*Exposure Draft, Proposed IES 4, 'Initial Professional Development - Professional Values, Ethics, and Attitudes (Revised)'*" was released by the IAESB for public exposure and comment (IFAC, 2012d; IAESB, 2012b). Numerous educational organizations, regulators, government authorities and other stakeholders responded on the Exposure Draft (of which SAICA was the first to respond) (IFAC, 2012d). The Exposure Draft for IES 4 has, however, not been approved yet and according to an update published by the IAESB (2012, p. 2) "*[t]he current work plan envisages that all IESs will have been revised and redrafted, or redrafted only, by the 4th Quarter of 2013. The IAESB has provisionally agreed that the revised IESs will be effective for implementation for periods beginning on or after July 1, 2015. This date will depend on satisfactory progress being made, and will be amended to a later date should that prove necessary.*"

The original implementation and following revisions of IES 4 was not the only efforts from the IFAC and IAESB's side to promote ethics in the accountancy profession. Except for developing and issuing *International Education Standards (IESs)*, the IFAC and IAESB also publish *International Education Practice Statements (IEPSs)*, *International Education Information Papers (IEIPs)*²⁴, and support material, such as toolkits²⁵ or interpretation guidance (IFAC, 2011, p. 1). In this respect the IFAC and the IAESB's global research project on ethics education led to important reports such

²⁴ According to IFAC (IFAC, 2008) "*[t]he three types of pronouncements [namely IESs, IEPSs and IEIPs] reflect, in descending order, the authoritative nature of the publications, in line with their intended functions. IESs prescribe good practice and are thus more authoritative than IEPSs, which provide guidance (for example, on how to achieve good practice). The IEPSs are, in turn, more directive than Information Papers [IEIPs], which discuss issues (including emerging issues) or present findings.*"

²⁵ Toolkits are developed as a resource to assist member bodies of IFAC to implement the IEPSs (Cooper, et al., 2008, p. 406).

as the IEIS titled *“Approaches to the Development and Maintenance of Professional Values, Ethics and Attitudes in Accounting Education Programs,”* researched and written by profs Philomena Leung, Barry J. Cooper, Steven Dellaportas and Beverley Jackling (2006). This IEIS includes an *Ethics Education Framework* (EEF), which is *“primarily designed to assist IFAC member bodies with developing and maintaining programs of education and development on professional values, ethics and attitudes at both the pre- and post-qualifying levels of membership with professional bodies,”* according to Cooper, et al (2008, p. 406) (Leung, et al., 2006, pp. 95-104). This IEIS and EEF later served as basis for a similarly titled IEPS namely *“IEPS 1²⁶ – Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes,”* which was published as part of the 2010 edition of the *Handbook of the International Education Pronouncements* (Cooper, et al., 2008; IFAC, 2010, pp. 101-125). An *Ethics Education Toolkit* (Toolkit) was also developed to support the IEPS. As stated by Cooper, et al (2008, pp. 406, 410) *“[t]he Toolkit was developed as a resource to assist member bodies of IFAC to implement the IEPS. The Toolkit includes sample course outlines, teaching notes, case studies, video clips of ethical dilemmas and a database of ethics education resource materials.”* The toolkit is available on request from SAICA and can also be obtained in downloadable format and on CD-ROM from the IFAC online bookstore (<http://www.ifac.org/store>) (IFAC, 2007, p. 61; Cooper, et al., 2008, p. 410).

IES 4 and IEPS 1 address both Initial Professional Development (IPD) and Continuing Professional Development (CPD) for professional accountants (IFAC, 2010, p. 14). The focus of this study falls mainly on IPD and thus the definition and requirements of CPD falls outside the scope of this study. According to an explanation of educational concepts published by IFAC (2010, p. 14), *“IPD is learning and development through which individuals first develop competence leading to performing a role in the accountancy profession. IPD includes general education, professional accounting education, practical experience and assessment... IPD continues until individuals can demonstrate the competence*

²⁶ IEPS 1 was first published as a draft IEPS in the form of an *International Education Guideline* (specifically IEG 10), (Leung, et al., 2006, p. 2).

required for their chosen roles in the accountancy profession. One result of demonstrating this competence may be the admission to membership in an IFAC member body [such as SAICA].” (Refer to IFAC, 2010, p. 15 for definitions on “general education”, “professional accounting education”, “practical experience” and “assessment.”) In terms of the South African²⁷ context, IPD essentially refers to the three educational “pillars” as described under section 2.2 both in general and specifically for persons studying towards becoming CAs(SA). The focus of the study with referral to IES 4 and IPD will remain on the first educational “pillar”, namely university education.

2.5.2 CONTENTS OF IES 4 AND IEPS 1

"He is not wise to me who is wise in words only, but he who is wise in deeds."

St. Gregory

The IFAC and IAESB endorse flexible approaches to business ethics education and allow each IFAC member body a fair amount of freedom to reflect its own national and cultural environment and objectives in the development and implementation of IPD business ethics courses, because of the following, as stated in IEPS 1, par 5 and 35 (IFAC, 2010, p. 102): *“(a) the wide diversity of culture, language, and educational, legal, and social systems in the countries of IFAC member bodies; (b) the variety of functions performed by accountants; and (c) that member bodies are at different stages in developing their ethics education programs... detailed content of member bodies’ ethics education programs will reflect their national and cultural environment and education system”* (IFAC, 2010, p. 53, IES 4, par 3).

²⁷ According to IFAC (2010, p. 15) *“[t]here are significant legal and regulatory differences in the point of qualification (or licensing) internationally; qualification may occur from very early to very late in a career. Each IFAC member body may define the appropriate link between the end of IPD and the point of qualification (or licensing) for its members.”* (Refer to sections 2.2 and 2.3.2 for more detail on this.)

In spite of the IFAC and IAESB's flexible approach to business ethics education, IES 4, par 16 (IFAC, 2010, p. 55) prescribes the following ten topics as a minimum to be included in all IPD education courses for CAs:

1. The nature of ethics;
2. Differences of detailed rules-based and principle-based approaches to ethics, their advantages and drawbacks;
3. Compliance with the fundamental ethical principles of integrity, objectivity, commitment to professional competence and due care, and confidentiality;
4. Professional behaviour and compliance with technical standards;
5. Concepts of independence, scepticism, accountability and public expectations;
6. Ethics and the profession: social responsibility;
7. Ethics and law, including the relationship between laws, regulations and the public interest;
8. Consequences of unethical behaviour to the individual, to the profession and to society at large (the importance of the ethical implications of decisions, which is related to this topic, is referred to under par 6);
9. Ethics in relation to business and good governance; and
10. Ethics and the individual professional accountant: whistle-blowing, conflicts of interest, ethical dilemmas and their resolution.

As guidance to implement IES 4 effectively, IEPS 1, par 14 (IFAC, 2010, p. 105) includes a model called the *Ethics Education Continuum* (EEC), which identifies four stages in ethics "learning", based on the four objectives of ethics education. Table 2.1 conveys the stages and objectives of the EEC, as described in IEPS1 (IFAC, 2010, p. 105):

Table 2.1: Ethics Education Continuum (EEC)

STAGE	OBJECTIVE
Stage 1	Enhancing ethics knowledge
Stage 2	Developing ethical sensitivity
Stage 3	Improving ethical judgment
Stage 4	Maintaining an ongoing commitment to ethical behaviour ²⁸

Following is a description of the terms used in the EEC to describe the objectives of ethics education:

- “Ethics knowledge” requires an understanding of traditional ethical concepts and theories, in this context including those principles relating to a CA’s profession (IFAC, 2010, p. 107, IEPS 1, par 21).
- IEPS 1, par 22 (IFAC, 2010, p. 107) defines “ethical sensitivity” as the:
 - a.) Ability to recognize an ethical threat or issue;
 - b.) Awareness of alternative courses of action leading to an ethical solution; and
 - c.) Knowledge of the effects of each alternative course of action on stakeholders.
- “Ethical judgement” implies applying and integrating ethics knowledge and ethical sensitivity to make reasoned and well-informed ethical decisions (IFAC, 2010, p. 108, IEPS 1, par 26).

²⁸ Stage 4 of the EEC is primarily applicable to CPD and thus falls outside the scope of this study.

IEPS 1, section 2 (IFAC, 2010, pp. 109-113) outlines two “flexible approaches” to implementing the EEC namely the:

- a.) Topic Approach; and
- b.) Stage-by-Stage Approach.

The “Topic Approach” consists of eight essential subject areas which are aligned with the ten topics (an indication of from what this approach’s name is derived from) prescribed in IES 4 (to be included in all IPD education programs for CAs as stated above in 1. – 10.) as set out in Table 2.2 below (IFAC, 2010, pp. 107, 109, IEPS1 , par 17 & 33):

Table 2.2: The topic approach

SUBJECT AREAS	TOPICS ACCORDING TO IES 4
i.) A framework approach ii.) Concepts and values	1. The nature of ethics. 2. Differences between detailed rules-based and principles-based approaches to ethics, their advantages and drawbacks.
iii.) The environment: corporate, professional, and regulatory iv.) Professional ethics	3. Compliance with the fundamental ethical principles of integrity, objectivity; commitment to professional competence and due care, and confidentiality. 4. Professional behaviour and compliance with technical standards. 5. Concepts of independence, scepticism, accountability, and public expectations. 6. Ethics and law, including the relationship between laws, regulations, and public interest.
v.) Decision-making	7. Ethics and the individual professional accountant: whistle blowing, conflicts of interest, and ethical dilemmas and their resolution.
vi.) Ethical threats and safeguards	8. Consequences of unethical behaviour to the individual, to the profession, and to society at large.
vii.) Corporate governance viii.) Social and environmental issues	9. Ethics and the profession: social responsibility. 10. Ethics in relation to business and good governance.

For the Topic Approach, the eight subject areas can also be integrated with, and learned progressively following the first three stages²⁹ of the EEC during relevant parts of the IPD education programs (IFAC, 2010, p. 111, IEPS 1, par 34). This is illustrated in table format in Appendix 1 of IEPS 1 (except for the 10 prescribed topics according to IES 4, the table in Appendix 1 also includes examples of suggested, but not prescribed, topics which member bodies may wish to include in Topic Approach to their IPD ethics education programs) (IFAC, 2010, p. 111, IEPS 1, par 35). Appendix 1 of IEPS 1 can be found in IFAC, 2010, pp. 118 – 123.

As indicated by its name, the Stage-by-Stage Approach follows the stages of the EEC and according to IEPS 1, par 37 (IFAC, 2010, p. 111) incorporates *“the first three stages of the EEC in pre-qualification [IPD] education programs... by introducing ethics early in the prequalification program (Stage 1), followed by ethical discussion in the existing accounting modules or courses (Stage 2), and culminating in a final module/course that ties together previous ethics material (Stage 3).”* The Stage-by-Stage Approach to ethics education is set out in Table 2.3 below:

²⁹ Stage 4 of the EEC is primarily applicable to CPD.

Table 2.3: The Stage-by-Stage Approach

EEC			
STAGE	OBJECTIVE	LEARNING OUTCOME	ILLUSTRATIVE METHOD
1	Enhancing Ethics Knowledge	Enhancing the <i>knowledge</i> of (i) relevant standards and (ii) expectations of ethical and professional conduct.	Separate, assessed course or module in ethics early in the programme.
2	Developing Ethical Sensitivity	Developing a sense of professional responsibility with ethical <i>sensitivity</i> and an appreciation of ethical threats and safeguards.	Integration of ethical issues across existing functional disciplines, such as financial accounting, management accounting, auditing, and taxation.
3	Improving Ethical Judgment	Improving professional <i>judgment</i> by sharpening ethical decision-making skills.	Integrated final course or module and assessment including ethics (e.g. case study) and/or a separate, assessed final course or module in ethics.
4 ³⁰	Maintaining an On-going Commitment to Ethical Behaviour	Maintaining an on-going commitment to <i>ethical behaviour</i> .	Combination of on-going experience and continuing professional development, including ethics education.

³⁰ Stage 4 of the EEC is primarily applicable to CPD

IES 4 also places emphasis on how ethics contributes to confidence and trust in the market (par 18) (refer to section 1.5 for a description on how unethical behaviour can lead to a collapse of trust in the market), the critical appraisal of relevant codes of ethics (par 19) (as opposed to “[r]ote learning of codes and subsequent tests of memory”) and reflection on ethical experiences (the students’ own, someone else or fictional scenarios) in order to consider what approaches could be taken if in the future similar circumstances were encountered (par 10 and 22) (IFAC, 2010, pp. 53-56).

In connection with the debate³¹ on whether to present business ethics as a separate course or as integrated with another course, such as auditing, IES 4, par 8, 9 & 17 (IFAC, 2010, pp. 54, 55) states the following: *“[p]rofessional values, ethics and attitudes need to be treated in their own right within the education framework. If future professional accountants are to perceive professional values, ethics and attitudes as important to their work, it is essential that they do not perceive the treatment of professional values, ethics and attitudes as peripheral to their main education programs... Developing professional values, ethics and attitudes needs to begin early in the education of a professional accountant and be re-emphasized throughout a career... Because of the importance of professional values, ethics and attitudes to future professional accountants, the presentation of the topic may at first be treated as a separate subject. As students progress, and gain a wider knowledge of other subjects, it will be appropriate to integrate subject matters. This will encourage students to look for and consider the possible ethical implications of problems being discussed in their study of other subjects.”* Thus one can come to the conclusion that IFAC is in favour of presenting business ethics as a separate, pre-

³¹ Swanson (2005, p. 250) does “not advocate a straightjacket for ethics education and according to her view, “a required course can be placed almost anywhere in the curriculum. Whether titled ‘Business Ethics,’ ‘Business, Government, Society,’ ‘Corporate Citizenship,’ or ‘The Social Environment of Business,’ the point is for business students to get a holistic exposure to ethics prior to graduating. Otherwise, the topics get scattered across the curriculum so thinly and incoherently that the message falls apart... Instead of arguing about whether to have a separate ethics course or to integrate ethics discussions into every course, do both.”

graduate course while also integrating and emphasizing ethical principles in functional³² courses during more advanced study (e.g. third-year or CTA).

Positive, participative approaches to IPD ethics education are encouraged such as *“exploring links between ethical behaviour, corporate failure and fraud,”* (IFAC, 2010, p. 54, IES 4, par 10). Other suggestions for participative approaches include the following:

- a.) The use of teaching materials such as multi-dimensional case studies;
- b.) Small-group and collaborative learning;
- c.) Role playing;
- d.) Discussion of selected readings and videos;
- e.) Analysis of real-life business situations involving ethical dilemmas;
- f.) Discussion of disciplinary pronouncements and findings;
- g.) Seminars using guest speakers with experience of corporate or professional decision-making; and
- h.) E-learning (IFAC, 2010, p. 56, IES 4, par 20; IFAC, 2010, p. 116, IEPS, par 54).

Appendix 2 of IEPS 1 (IFAC, 2010, pp. 124, 125) is devoted to further elaboration on the above teaching methods.

³² With “functional” courses the four, sole “traditional” third year and CTA subjects are implied, namely Financial Accounting, Cost and Management Accounting, Taxation and Auditing.

Assessment methods can be roughly divided into two groups of which the names and descriptions are provided in Table 2.4, below (IFAC, 2010, p. 116, IEPS 1, par 56):

Table 2.4: Types of assessment methods

TYPE OF ASSESSMENT	DESCRIPTION	BEST SUITED FOR ASSESSING
Summative assessment	It provides information about the level of performance at <u>certain points</u> in the learning process, usually at the <u>end</u> of a course of study.	<i>Knowledge</i> of ethical theories and concepts.
Formative assessment	It is on-going, providing assessors with information about current progress in order to support <u>future</u> learning.	The development of ethical <i>sensitivity</i> and <i>judgment</i> in the workplace.

Three approaches to formative assessment (i.e. assessing the development of ethical sensitivity and judgment) may be followed, namely:

- a.) Formal assessment;
- b.) Assessment in the workplace; and
- c.) Self-assessment (IFAC, 2010, p. 116, IEPS 1, par 57 – 61).

For purposes of this study, only formal assessment will be briefly described. According to IEPS 2, par 58 (IFAC, 2010, pp. 116-117) “*formal assessment can test*

the fundamental knowledge of ethical principles and the ability to critically evaluate ethical situations... [M]eans by which formal assessment may be carried out [include the following]:

- Creating databanks of case studies requiring individuals to complete tests based on these case studies which might for instance be disseminated in professional magazines/journals;*
- A case analysis system requiring students to maintain journals and notes on particular public domain cases;*
- Objective testing of ethical aspects of the pre-qualification programs; and*
- Using case study group assignments and workshops to assess individuals' competence in ethical analysis and decision-making."*

The last sections of IES 4 (par 23 -27) and IEPS 1 (par 28 – 30, 39 – 41, 45 – 53 and 59) concerns CPD, which is not applicable to this study (IFAC, 2010, pp. 56, 57, 108, 112 - 115, 117).

2.6 MAJOR REQUIREMENTS OF SAICA REGARDING UNIVERSITY COURSES IN BUSINESS ETHICS

*"Knowledge is no guarantee of good behavior, but
ignorance is a virtual guarantee of bad behavior."*

Martha Nussbaum

As a member body of IFAC, SAICA is obligated to implement the requirements of IES 4, in IPD (university) education programs for CAs(SA). Since the issue of IES 4, SAICA has had to ascertain that SAICA-accredited university programs that did not previously have business ethics courses implemented, did so. Furthermore, the

contact time and contents of the then existing business ethics courses for SAICA accredited university programs, has had to be reviewed.

As from 2011, business ethics formed an examinable topic for Part I of SAICA's Qualifying Examination (QE 1) (SAICA, 2010a, p. 41). In 2010, SAICA published their new Competency Framework, which will be applicable to the Initial Test of Competence (ITC) Examination, which is to replace QE 1 as from 2013 (SAICA, 2010b, p. 1). All accounting departments at SAICA-accredited South African universities should have their CA-stream curriculums and academic programmes adjusted by 2013, to implement the required changes according to the Competency Framework (SAICA, 2010b, p. 1). One of the changes includes implementing a flexibly-structured semester-long course in business and professional ethics³³ intended for the second year of study.

According to SAICA (2012i), the Assessment of Professional Competence (APC), which will be written for the first time in November 2014 and which will phase-out Part II of SAICA's Qualifying Examination (QE 2), will have *"a direct focus on pervasive skills. Pervasive skills comprise of ethical behaviour, professionalism, personal attributes and professional skills"*. SAICA (2012i) states that one of the *"key changes"* is that in QE II *"[l]ittle emphasis [was placed] on the professional skills"* whereas the APC will have a *"[m]uch greater emphasis on the assessment of the pervasive skills, ethical behaviour, professionalism, personal attributes and professional skills"*. Thus, as from 2013, candidates studying towards becoming CAs(SA) will be assessed by SAICA on their knowledge and application of ethical principles much more extensively than in the past.

As aid to facilitate the implementation of a course in business and professional ethics as required by the Competency Framework, SAICA included an attachment to the

³³ Since the focus of this study falls on business ethics, sections referring to professional ethics will only be considered briefly.

Competency Framework namely *Appendix 2 - Guidance on the Teaching of Ethics* (IFAC, 2010, pp. 139-143). According to SAICA (2010b, p. 142) the course “*can be delivered as universities judge best: as a single semester course, as two half-semester courses, or as a series of sections integrated into existing courses such as Business Management, or in some combination of delivery strategies, provided that the content required by SAICA is retained ... Used as a single semester course, it is intended for the second year of under-graduate studies but it can also be offered as two half-semester courses to be taken during the second and third year of study or possibly during the fourth year.*” This is in line with the “flexible approach” (see section 2.5.2) to implement ethics education as referred to in par 31 and 32 of IEPS 1 (IFAC, 2010, p. 109).

According to SAICA (2010b, p. 139) “[t]he course emphasises applied rather than theoretical ethics, containing just as much theory as is necessary for an understanding of moral principles. To this end of emphasising the practical side of ethics, frequent use is made of real-life case material from the business and professional worlds... A particularly novel feature of the course is that it is tailored to the realities of a culturally diverse national and global context. It does this by including a short introduction to comparative and diversity ethics, intended to enable students to have meaningful relationships with people from cultural backgrounds that differ from their own”.

The courses are structured on learning outcomes that are grouped into three sections, as indicated in table 2.5 below (SAICA, 2010b, pp. 139-143):

Table 2.5: Prescribed learning outcomes for business and professional ethics in SAICA accredited university courses

COURSE STRUCTURE	LEARNING OUTCOMES	DESCRIPTION
Section 1: Introduction to applied ethics	1.) A sound introductory understanding of the ethical dimension of individual and social life in the context of cultural diversity.	1.) Ethics case material from the business world and the profession.
	2.) A basic grasp of selected ethical theories and their relevance to business and professional ethical issues.	2.) General ethics: a.) Introduction: the nature of ethics and applied ethics. b.) Selected value systems, such as African, Jewish, Christian, Islamic, Hindu, Chinese, secular humanist and feminist, and the question of moral relativism. c.) Philosophical approaches to ethics, such as Kantian, utilitarianism and virtue ethics.
	3.) The ability to link case material with ethical knowledge and theory.	3.) A combination of 1.) and 2.) above.
	4.) The ability to use ethical decision-making strategies, e.g. in relation to case studies.	4.) Ethical decision-making, based on examples of methods and application to personal situations and to case studies.
Section 2: Business Ethics	5.) An introductory understanding of selected, large-scale, socio-economic ethical issues relevant to the business world and professional practice.	5.) Macro-ethics, focussing on issues such as profit, competition, the environment and wealth and poverty.
	6.) An introductory understanding of selected issues and approaches to business ethics in South Africa and internationally.	6.) Contemporary approaches to business ethics such as stakeholder theory, corporate social responsibility, corporate governance and the King Report and international developments.
	7.) Knowledge and basic skills relating to the nature of organisations and management in ethical perspective.	7.) Management and organisational ethics.
	8.) The ability to link the above competencies and knowledge with case studies.	8.) Selected international and local case studies in business ethics, such as Enron, Shell, Pick 'n Pay and Masterbond.

Table 2.5: Prescribed learning outcomes for business and professional ethics in SAICA accredited university courses (continued)

COURSE STRUCTURE	LEARNING OUTCOMES	DESCRIPTION
Section 3: Ethics and accountancy	9.) Knowledge of the nature of professionalism in general and of its ethical aspects.	9.) Professionalism, careers and ethics.
	10.) Understanding of the purpose, structures and contents of selected codes of ethics from business and the professions.	10.) The nature, typical structure and value of business and professional codes, with selected examples.
	11.) A basic knowledge of main ethical issues and aspects of the accountancy profession.	11.) Introduction to accountancy ethics.
	12.) An ability to analyse case studies from the accountancy profession in relation to decision-making and comparative and diversity ethics (where appropriate) and ethical theories, and to propose solutions to the ethical issues they involve.	12.) Case studies in accountancy ethics and the application of ethical decision-making skills and methods to them.

When compared, the course structure advocated by SAICA, corresponds more to the Stage-by-Stage Approach (refer to table 2.3 under section 2.5.2) as opposed to the Topic Approach, as set out in IEPS 1, par 31 - 39 (IFAC, 2010, pp. 109-112). Both SAICA's course approach and the Stage-by-Stage approach are structured around "learning outcomes" instead of detailed topics. However, to be in line with international standards and to lend international credibility to SAICA's course, the ten mandatory topics as prescribed by the IFAC and IAESB in IES 4, par 16 (IFAC, 2010, p. 55), should by implication be dealt with under the relevant learning outcomes in SAICA accredited programmes (Taylor, 2011, p. 37). Not all of these topics are explicitly stated in Appendix 2 of SAICA's Competency Framework, since SAICA's description of topics to be discussed under each learning outcome (see table 2.5) are formulated to in a "broader" manner than that of IES 4. Still, the ten mandatory topics stated in IES 4 all "fit" within the broader description of topics provided by SAICA.

The guideline for the duration of the course provided by SAICA if the course was to be presented as a single semester course in the second year of under-graduate study, is four 45-minute lectures per week for 12 weeks, which amounts to 36 lecturing hours (SAICA, 2010b, p. 139). The suggested assessment guidelines proposes that “coursework assignments” should weigh 40% of the students’ final mark and a final three-hour examination should weigh 60 % of the students’ final mark (SAICA, 2010b, p. 139). According to SAICA (2010b, p. 139) the coursework assignments *“can take the form of a number of class tests, mini-assignments about as long as an examination answer and/or a learning journal in which students report on their learning experiences as they progress through the course, linking course content with ethically relevant events and issues encountered in other subjects from the news media and from personal experiences.”*

2.7 SYLLABUS AND COURSE CONTENT OF THE FOUR BUSINESS ETHICS COURSES SELECTED FOR THIS STUDY

“Every man is guilty of all the good he didn’t do.”

Voltaire

The specific business ethics courses that are discussed under this section are the courses for which the respondents used in the empirical study (which is analysed in detail in chapter 4) were enrolled. The population for the empirical study consists of students at three universities, enrolled for four different business ethics courses that were presented during 2012. Table 2.6 provides basic information on the four business ethics courses discussed in this section:

Table 2.6: Basic information on business ethics course

University	Module name	Module code	SAICA accredited course	Study year in which course is presented	Academic programmes of students enrolled for the module	Prescribed handbook
University of Johannesburg (UJ)	Auditing 2A - Business Ethics and Communication ³⁴	ODT2A01	Yes	Second year	B.Acc & B.Com (Accounting)	<i>Ethics for Accountants and Auditors</i> , 2 nd Edition, Rossouw <i>et al.</i> (2010)
Central University of Technology (CUT)	Business Ethics	BNE41AB	No	Fourth year	B.Tech (Cost and Management Accounting), B.Tech (Financial Information Systems), B.Tech (Internal Auditing)	<i>Ethics for Accountants and Auditors</i> , 2 nd Edition, Rossouw <i>et al.</i> (2010)
University of the Free State (UFS)	Business Ethics	EBS224	Yes	Second year	B.Acc & B.Com (Accounting)	<i>Ethics for Accountants and Auditors</i> , 2 nd Edition, Rossouw <i>et al.</i> (2010)
University of the Free State	Corporate governance and ethics	MBA 712	No	Postgraduate	Magister in Business Administration (MBA)	Business Ethics, 4 th Edition, Rossouw and Van Vuuren (2010)

³⁴ As from 2013, the course name will change to Governance and Citizenship (GOV2AB0), to be presented to second year-students enrolled for B.Acc (as opposed to ODT2A01 that was also presented to students enrolled for B.Com (Accounting)).

The prescribed textbook for the MBA students was *Business Ethics*, 4th Edition, by Rossouw and Van Vuuren (2010) and the prescribed textbook for the students in the other three courses was *Ethics for Accountants and Auditors*, 2nd Edition³⁵, by Rossouw et al (2010). The two textbooks has the same main author, Prof Deon Rossouw, and the approach followed in the textbooks are very similar, with the exception that the latter focuses more on accountants and auditors and includes sections on professional ethics for people practicing these professions in South Africa (e.g. SAICA's Code of Professional Conduct). In the three courses for which *Ethics for Accountants and Auditors* are prescribed, the topic of professional ethics is only briefly dealt with in contact sessions and assessment since the academic programs of which this three business ethics courses form part, each also contain a course in auditing in which professional ethics is treated in more detail. The focus of all four the courses thus fall on business ethics and not on professional ethics.

The approach followed in the textbooks has a large influence on the teaching approach followed in all the courses, which is essentially to ground ethical knowledge in the real world of practical examples and cases relevant to the business environment and accounting profession (excluding the MBA course) in South Africa's culturally diverse context (Taylor, 2011, p. 36). Table 2.7 sets out the parts, units and learning outcomes as it appears in *Ethics for Accountants and Auditors*³⁶ and are presented in the three courses for which this textbook is prescribed. In essence, all three³⁷ abovementioned courses' syllabi follows the guidelines set out by SAICA in Appendix 2 of the Competence Framework (SAICA, 2010b, pp. 139-143).

³⁵ It is expected that the third edition of this book will be available for the 2013 academic year.

³⁶ The outline of *Ethics for Accountants and Auditors* instead of *Business Ethics* are presented here, since the majority of courses chosen for this study make use of the former mentioned and the topics covered in the two textbooks essentially correspond, with the former named simply containing more topics.

³⁷ Note that although the CUT course essentially follows the guidelines set out by SAICA in Appendix 2 of the Competence Framework, this course is not accredited with SAICA.

Table 2.7: Structure of business ethics courses

PART	UNIT TITLE	LEARNING OUTCOMES
1.) Principles in Ethics	1.) Introduction to business ethics	<ul style="list-style-type: none"> • Familiarisation with the major terms involved in ethics and business ethics in particular. • Identification of the three levels of business at which ethics is evaluated and the core issues involved. • Insight into why ethics is necessary on a personal and organisational level. • The distinction between ‘morality’ and ‘legality’. • The importance of professional ethics and professional virtues.
	2.) Value systems in South Africa	<ul style="list-style-type: none"> • Insight into South Africa’s dominant value systems and their influence. • Greater sensitivity to cultural diversity. • Insight into both shared and dissimilar ethical values. • Motivation to find ways to manage cultural differences. • Motivation to find ways to learn more about other cultures.
	3.) Philosophical foundations	<ul style="list-style-type: none"> • The distinction between virtue ethics, deontological ethics, and utilitarian ethics. • The application of the above three theories to auditing and accounting case studies.
	4.) Ethical decision-making	<ul style="list-style-type: none"> • The application of ethics in the entire decision-making process. • The recognition of moral issues and options to address such issues. • The consideration of the possible implications of certain decisions. • The evaluation of and adoption of solutions based on ethical standards and criteria.

Table 2.7: Structure of business ethics courses (continue)

PART	UNIT TITLE	LEARNING OUTCOMES
1.) Principles in Ethics	5.) Resolving ethical dilemmas	<ul style="list-style-type: none"> • Identification of personal and social dilemmas and negative and positive concerns within each. • The application of the RIMS strategy to dissolve ethical dilemmas despite moral dissensus. • The evaluation of arguments to be included in the RIMS process. • The generation of solutions to moral dilemmas.
2.) Business Ethics	6.) Macro ethics	<ul style="list-style-type: none"> • The justification of wealth distribution theories. • The analyses of capitalism from a moral perspective. • Insight into the economics of the environment.
	7.) The modern corporation and its moral obligations	<ul style="list-style-type: none"> • Insight into why the issue of the moral nature of a corporation is prominent. • Critique on corporate social responsibility. • The concept of moral agency. • The evaluation of strands of the stakeholder theory.
	8.) Corporate governance	<ul style="list-style-type: none"> • Familiarization with background of corporate governance and relevant stakeholders in South African business. • Insight into factors and risks that contribute to the development of corporate governance. • Recommendations for a company based on the King Report and on the company's particular governance. • Insight into the helpful effects of a governance framework. • Insight into the various approaches to corporate governance and the approach most applicable to South Africa. • A comparison between local and international principles.

Table 2.7: Structur of business ethics courses (continue)

PART	UNIT TITLE	LEARNING OUTCOMES
2.) Business Ethics	9.) Managing ethics	<ul style="list-style-type: none"> • Insight into the role of governance ethics in the accounting and auditing professions. • Insight into the process of ethics risk analysis and various codes of ethics. • An analysis of the institutionalisation of ethics on the strategic and systems level of organisations. • Insight into the principles and objectives that guide socio-ethical reporting.
	10.) Case studies in business ethics	<ul style="list-style-type: none"> • Identification of ethical issues in particular business situations. • Identification of morally relevant players. • The development of ethical judgements on issues and dilemmas. • The generation of creative solutions.
3.) Professional Ethics	11.) Professionalism, careers and ethics	<ul style="list-style-type: none"> • Understanding the historical development of professions and the difference between professional and non-professional occupations. • Insight into the functions of professional ethical codes. • Insight into South Africa's professional accounting bodies and their functions. • Awareness of the accounting career path.

(Taylor, 2011, pp. 37-40 as ammended)

In the assessment approaches of the four courses, a variety of assessment methods, in which the lecturer was not always the sole judge of quality, was applied. Table 2.8 exhibits the manner in which students' final marks are determined for the different courses:

Table 2.8: Elements that count towards students final marks in business ethics courses

UNIVER- SITY	MODULE CODE	PREDICATE			EXAMI- NATION	FINAL MARK
		PRESENTATION & WRITTEN SUBMISSION	SEMESTER TEST	LEARNING JOURNAL ASSIGNMENT		
UJ	ODT2A01	50%	-	-	50%	100%
CUT	BNE41AB	30%	40%	30%	-	100%
UFS	EBS224	25%	25%	-	50%	100%
UFS	MBA712	50%	-	-	50%	100%

As indicated in table 2.8, a business ethics presentation and written submission (about any chosen business ethics dilemma), counts towards students' predicate marks in all four of the courses that was selected for this study. The MBA students perform their research and presentations individually, whereas students from the other three courses work in groups of six to eight members. At UJ and the UFS (for the EBS 224 group) the presentations and events surrounding the presentations is known as "Project Alpha" and it is sponsored by Ernst & Young (E&Y). E&Y launched Project Alpha at UJ during 2008 as part of their contribution to practical business ethics training in South Africa (Maré, 2009, p. 5). During 2011, Project Alpha has also been introduced at the UFS (relating to the EBS 224 course). E&Y not only provides a full sponsorship to host Project Alpha, but also contributes by lecturing students on presentation skills, acting as judges of the presentations together with lecturers at the concerned universities, arranging a formal function for the ten top groups and awarding prizes (such as laptops, digital cameras, cell

phones and shopping vouchers) to all the members of the three top groups as well as the best presenter (Maré, 2009, p. 6; Maré, 2010). The presentations of the three top groups are recorded and screened to the following year's students as a benchmark. According to a report by Denise Maré (2010), the lecturer at UJ for the business ethics course (ODT2A01), Project Alpha *"forces students to work in groups, think outside the box, read newspapers, track the South African media and learn good time management skills as well as debate vigorously among team members in a safe learning environment ...This project is a step in the right direction to force the proverbial number-crunchers to think more widely, be creative and consider ethical dilemmas in their country. It also prepares them for the ethical dilemmas they could be faced with in their profession one day, where integrity still has to be the paramount virtue in the career of an accountant or auditor."* PwC became involved in a similar project at the Central University of Technology during 2012.

Of the four courses selected for this study, only the course presented at the CUT makes use of a *"learning journal assignment"*, as is the term used in Appendix 2 of SAICA's Competency Framework (2010b, p. 143). At the CUT, this form of assessment is however known as a *"patchwork text"*, but despite the different name, it is in essence similar to SAICA's *"learning journal assignment"* and will for the remainder of the study be referred to as such. The learning journal assignment is a written assessment method in which students should write entries (structured in journal ("diary" format) in which they link what they learn in contact sessions with:

1. Their readings on related topics;
2. Their own practical experiences; and
3. Relevant studies in society at large (SAICA, 2010b, p. 143; Taylor, 2011, p. 40).

This forces students to make a link between theory (what they learn during contact sessions and from their readings) and practice (what they experience in their own lives) and critically reflect on their own practice (Surridge, et al., 2010, p. 130; Taylor, 2011, p. 41). IES 4, par 10 and 22 (IFAC, 2010, pp. 54, 56) also stresses that students should reflect on ethical experiences.

In summary, the business ethics courses at UJ and UFS (specifically EBS 224) satisfy the requirements for IPD ethics education set by IFAC and SAICA. The course presented at the CUT, is not accredited with SAICA, but the approach followed in this course is comparable to the approaches followed in the SAICA-accredited courses at UJ and the UFS. A component of the assessment of the courses presented at UJ, UFS (EBS 224) and CUT, consists of a practical assignment (a group presentation and written submission on a researched business ethics dilemma) that is facilitated in conjunction with certain of the Big Four audit firms (specifically E&Y and PwC).

Of the four courses chosen for this study, the MBA course is unique in the sense that it is a postgraduate course for students studying business administration (thus students registered for this course do not specialise in accounting or accounting-related subjects, as is the case with students registered for one of the other three course chosen for this study). The MBA students' practical assignment (an individual presentation and written submission on a researched business ethics dilemma) is not presented in affiliation with a Big Four audit firm since students enrolled for this course are generally not studying towards becoming accountants or auditors.

2.8 CONCLUSION

"The act of acting morally is behaving as if everything we do matters."

Gloria Steinem

With the immense scale of corruption, fraud and other unethical business practices in South Africa (as elucidated in chapter 1) the "worth" of business ethics and business ethics education is generally recognized and should increase in the years to come. For more than a century there has been a consensus that technical knowledge is totally inadequate as the basis of accounting education, but the accounting curriculum continues to have a decidedly technical orientation (Merino, 2006, pp. 364, 373; Nelson, 1995, p. 64; Chu & Man, 2012, p. 121). In cases where

meaningful change did occur, it was mostly a tedious process that took many years (Nelson, 1995, p. 67; Chu & Man, 2012, p. 121; Merino, 2006, p. 364). Merely a high technical standard of training and education and the consideration of professional and disciplinary codes alone cannot provide adequate preparation for the numerous dilemmas (ethical and otherwise) and the constantly changing environment that CAs are confronted with on a daily basis in the business world and their profession (Nelson, 1995, p. 62; Merino, 2006, p. 363; Els, 2007, p. 3).

In this chapter, the above was illustrated through firstly providing a broad overview on present day education for chartered accountants, which was then related to the structural developments of, and reform in accounting education over the years, both internationally and for South Africa. Focus was placed on reports on, and pleas for change needed in accounting education, specifically in the form of broadening the accounting curriculum by including courses such as business ethics. The responsibility of, and ethical leadership that should be provided by accountancy educators by e.g. developing integrated courses that raise provocative questions about the role of accountancy in present-day society and that challenges students to engage in social critique, was also considered (Merino, 2006, p. 375).

An outline of the ethics education requirements of both international (IFAC) and national (SAICA) professional bodies was also provided in this chapter. Lastly, the syllabi and course content of the four business ethics courses selected for the empirical section (chapter 4) of this study was reviewed briefly. This then also establishes the foundation for the next chapter (chapter 3) in which there will be specifically concentrated on the background of business ethics as an academic course and the practical content of such a course.

CHAPTER 3 – BUSINESS ETHICS: A HISTORICAL PERSPECTIVE AND THE FOUNDATIONS OF BUSINESS ETHICS AS A UNIVERSITY COURSE

*“Goodness makes greatness truly valuable,
and greatness make goodness much more serviceable.”*

Matthew Henry

3.1 INTRODUCTION

*“We should have philosophers trained as philosophers, as
rigorously as possible, and at the same time audacious philosophers
who cross the borders and discover new connections, new fields, not only
interdisciplinary researchers but themes that are not even interdisciplinary.”*

Jacques Derrida

Humanity holds the highest order of all living creatures on earth. The reason for this can be ascribed to humanity standing at the top of intelligence and development of all species. The so called “sacred” writings of several of the largest religious schools of thought also acknowledge the preceding. In Christian writing, man³⁸ is for instance described as the “crown” of creation. According to Christianity, man consists of different “dimensions” (body, soul and spirit) that also exalt humanity above the animal and plant kingdoms.

In connection with the above, it can be mentioned that man is a “thinking and searching” being. Concisely, it can be said that man is in search of the meaning of his life. In the following statement, the renowned French philosopher, Albert Camus (1955, p. 3), even went so far as to suggest that the search for meaning in life, is the

³⁸ Note that where there is referred to the masculine (e.g. man or he/his), the feminine (e.g. woman or she/her) is also implied, were applicable.

only truly important concern in man's life: "[t]here is but one truly serious philosophical problem and that is suicide. Judging whether life is or is not worth living amounts to answering the fundamental question of philosophy." From the preceding (without further debating the cynical, fatalistic statement by Camus), it is clear that the question as to what the meaning of life is, stands central to man's existence (especially in the Christian tradition).

One of the most important aspects in the search of the meaning of life is probably man's search for what constitutes right (good) and wrong (bad). Subsequently, the question can be asked as to where the search for what constitutes right or wrong originated. To answer this question with certainty is surely impossible. One of the main goals of the great religions of the world (e.g. Hinduism, Buddhism, Islam, Judaism and Christianity) is to teach followers of the religion what is right ("acceptable") and wrong ("unacceptable") through the concerned religion's dogma, doctrines and "sacred" writings.

Apart from religious followers, philosophers probably played the greatest role in deliberating about e.g. what "right and wrong", "good and bad", "virtue and vice", "meaning" and "truth" involves. Especially the ancient Greek philosophers such as Socrates, Plato and Aristotle made vast contributions in this respect (see section 3.2.2.1 for more on this topic). "Ethical conduct" is one of the most important pillars of any orderly, civilized and sustainable society. If "wrong", "bad" and "vice" within a society were to prevail and escalate, consequences such as chaos, deterioration, suffering and revolution would most likely culminate. The renowned philosopher, Thomas Hobbes, referred to life in such a degenerate society as "*solitary, poor, nasty, brutish and short*" in his 1651 publication, *Leviathan*.

Business ethics is one of the many disciplines that flowed from the millennial old discipline of philosophy (Rossouw, 2004, p. ix). Similar to philosophy, business ethics is also concerned with the question of right and wrong, with the distinction that it focuses specifically on business and economic aspects. In chapter 1, as

introduction and background to this study, an overview on recent fraud/corruption scandals and the collapse of public trust in the government and business sectors was provided. All of these occurrences can likely be traced back to the above - mentioned question of what constitutes right or wrong.

Lovell (2005, pp. iii, 2,) states that although ethics in business has been a concern for as long as trade and commerce have taken place, the development of business ethics as “*a field of enquiry*” did not effectively commence until approximately 1920³⁹. In this initial stage of the development of business ethics, the concerns were mainly focused around issues of corporate governance⁴⁰ (Lovell, 2005, p. 3). The reason for this can possibly be traced back to the factory replacing the home as the principal place of work, organisations’ sizes expanding to the extent that required managers (who were not members of the founding families or principal shareholders) to be appointed and the eventual establishment of limited liability companies during the mid-nineteenth century (Lovell, 2005, p. 1). Limited liability companies resulted in the split between management and ownership/shareholders (with management acting as stewards of shareholders’ money and other interests) and a possible conflict of interest, e.g. a member of management seeking to maximize self-interest (such as to spend excessive funds on personal benefits) at the expense of shareholders’

³⁹ One of the most important works on corporate governance and business ethics of this period is Adolf Berle and Gardiner Means’s 1932 publication, titled *The Modern Corporation and Private Property* (Mizruchi, 2004, p. i; Lovell, 2005, p. 3). Other influential writers on the same topic during this period were professors William Z. Ripley and Reinhold Niebuhr (Chatfield & Vangermeersch, 1996, p. 502; Lovell, 2005, p. 3).

⁴⁰ The relationship between corporate governance and business ethics (for definitions of business ethics refer to sections 3.2.1 and 3.2.4) is clearly discernible in the description of corporate governance by Ramachandran (2007): “*Corporate Governance represents the moral framework, the ethical framework and the value framework under which an enterprise takes decisions... Corporate governance is concerned with the ownership, control and accountability of companies, and how the corporate pursuit of economic objectives relates to a number of wider ethical and societal considerations. It is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.*”

interest. (Refer to section 2.3.3 for information about the establishment of limited liability companies in South Africa.)

Business ethics as an academic field⁴¹ was only established in the 1970s in North America (Lovell, 2005, pp. 6, 7). From North America, it spread to Western Europe and eventually the rest of the globe, including Africa (Serenko & Bontis, 2009, p. 391; Jeurissen, 2007, p. 9; Rossouw, 2004, p. xi)), which makes it a relatively young academic field. According to Rossouw (2004, p. ix, xiii) “[i]n the process of maturing as an academic field... [business ethics] is becoming more self-conscious about its development, identity and purpose... The process of maturation... will imply improving the quality and effectiveness of research, teaching and interaction and, finally, it will mean the institutionalization of the scope and activities in the field in ways that will promote the visibility and credibility thereof.” One of the maturity signs of an academic discipline is the existence of a set of discipline-specific, peer-reviewed journals that informs the academic community and practitioners about the existence of the particular scholarly domain and that offers a space where scholars can read new works, exchange ideas, share theories and accumulate references (Serenko & Bontis, 2009, p. 391; Wikipedia, 2012a). In 2009, sixteen academic journals dedicated to various aspects of business ethics existed, the most cited being *Journal of Business Ethics* and *Business Ethics Quarterly* (Serenko & Bontis, 2009, p. 395; Wikipedia, 2012a).

The main focus of this study falls on business ethics in Africa and specifically South Africa, a region in which this field has only relatively recently been introduced⁴². With

⁴¹ The distinguishing features or characteristics of an “academic field” can be found in Rossouw, 2004, p xii – xiii.

⁴²The first, and as far as could be established, still only peer-reviewed journal on the African continent dedicated to the specialised field of business ethics, was only established in 2004 (AJoBE, 2009). The *African Journal of Business Ethics* (AJoBE) is the official journal of the *Business Ethics Network of Africa* (BEN-Africa) (AJoBE, 2009; BEN-Africa, 2012). BEN-Africa (2012) was established in 1999 to “facilit[ate] interaction between academics and practitioners who share an interest in business ethics.” This is achieved through among others, BEN-Africa’s website, regular electronic communiqués, an electronically distributed newsletter, the presentation of annual conferences, the BEN-Africa book series, research

the establishment of business ethics as an academic field in the 1970s, a hot topic for debate in North America and Europe was whether it was ethical to invest in South Africa, where apartheid reigned at the time (Jeurissen, 2007, p. 9). Similar occurrences later took place in other African countries such as Zimbabwe and Libya, where international sanctions against regimes were instated as punitive measures against e.g. human rights violations and despotic governments (McVeigh, 2012; Cooper & Landler, 2011). The South African economy flourished in certain spheres due to sanction pressure on the former apartheid regime. The most well-known example is probably the establishment of Sasol and the fact that South Africa became the world leader in the field of oil production from coal (Dubey, 2007, p. 1). Sasol could, however, not provide in all of South Africa's former fuel requirements and "resourceful unethical practices" were invented by the apartheid government to circumvent international sanctions and oil embargos.

In section 2.3.3 it was stated that South Africa's achievements in the fields of accountancy and auditing are remarkable, especially considering the fact that the country was excluded from global accounting integration and was academically isolated during the 1980s due to international sanctions aimed against the country's apartheid policy (Verhoef, 2012, p. 25). Although the standard of South Africa's accounting and professions does not seem to have suffered due to the consequences of apartheid, South Africa's development in the field of business ethics possibly did suffer and lag behind due to apartheid, since apartheid was essentially also an unethical economic and social practice. However, South Africa did later achieve much success on the front of corporate governance (refer to footnote 41 for an explanation of the relationship between corporate governance and business ethics), which can mainly be ascribed to the work done by the King Committees on Corporate Governance in South Africa.

project and participation in international forums (BEN-Africa, 2012). Another important South African organisation for the advancement of business ethics is the non-profit, public benefit organisation, namely the *Ethics Institute of South Africa* (EthicsSA) (EthicsSA, 2012). Refer to <http://www.ethicsa.org/> for more information on this initiative. EthicsSA is a strategic alliance partner of SAICA (SAICA, 2012k).

During approximately the same period that apartheid came to an end, the Institute of Directors in Southern Africa (IoDSA) established the King Committee on Corporate Governance⁴³ with former Supreme Court judge, Mervyn King, as chair (IoDSA, 2011; Stewart, 2010). King viewed this as an opportunity to educate and provide guidance to the newly democratic citizens of South African on the best practice for operating in a free economy (Stewart, 2010; Wikipedia, 2012b). Since its establishment, the King Committees has authored the King I (1994), King II (2002) and King III (2009) Reports on Corporate Governance (Stewart, 2010). According to the IoDSA (2011) *“[t]he first King Report was recognised internationally, when published, as the most comprehensive publication on the subject [of]... corporate governance”*. King III has been described by Sir Adrian Cadbury⁴⁴, as *“the future of corporate governance”* (Malan, 2010; Stewart, 2010).

After 1994, the South African government attempted to incorporate many of the principles of good corporate governance into legislation⁴⁵ (e.g. the Companies Act,

⁴³ According to King III (IoDSA, 2009, pp. 6, 7), *“[t]he governance of corporations can be on a statutory basis, or as a code of principles and practices, or a combination of the two. The United States of America has chosen to codify a significant part of its governance in an act of Congress known as the Sarbanes-Oxley Act (SOX). This statutory regime is known as ‘comply or else’. In other words, there are legal sanctions for non-compliance...The cost of compliance is burdensome, measured both in terms of time and direct cost... In the Netherland Code the ‘apply or explain’ approach was adopted... [Instead of] a mindless response to the King Code and its recommendations... the ‘apply or explain’ regime shows an appreciation for the fact that it is often not a case of whether to comply or not, but rather to consider how the principles and recommendations can be applied. King III, therefore, is on an ‘apply or explain basis...”*

⁴⁴ According to the University of Cambridge’s website (2012), Sir Adrian Cadbury *“is a preeminent figure in the field of Corporate Governance since his Chairmanship of the UK Committee on the Financial Aspects of Corporate Governance. The Report and Code of Best Practice published by this committee in December 1992 have ever since been known as the Cadbury Report and the Cadbury Code... [He also] served as Deputy Chairman and Managing Director of Cadbury Schweppes from 1969 to 1974, and thereafter as Chairman until 1989. He has also been... one of the Directors of the Bank of England from 1970 to 1994.”*

⁴⁵ King III (IoDSA, 2009, p. 5) states that *“[a]round the world... some of the principles of good governance are being legislated in addition to a voluntary code of good governance practice... As a consequence, in King III, we point to those matters that were*

No. 71 of 2008, PFMA and MFMA) as minimum legal requirement of compliance (Lubbe, 2012a; PwC, 2010b, p. 2). (Refer to section 1.3.4 for details on the seemingly downward spiral from the initial political will and strong ethical leadership that appeared after 1994 which made it possible to fight corruption and fraud through firm corporate governance (Lubbe, 2012a)). Compliance to the principles of King III is also a listing requirement for companies on the Johannesburg Stock Exchange (JSE, 2012; IoDSA, 2009, p. 4).

From the above (including footnote 46), it is clear that corporate governance and business ethics have a significant influence on auditors and accountants. The work performed by auditors and accountants are, amongst others, concerned with companies' compliance to listing requirements of the JSE and the Companies Act, No. 71 of 2008 and government's compliance to the PFMA and MFMA (regarding the South African context). Since it is thus necessary for accountants and auditors to possess thorough knowledge of corporate governance and business ethics, these professionals should be educated in the principles and practical application of these fields. Pleas for change needed in accounting education, specifically in the form of broadening the accounting curriculum by including courses such as business ethics, was then also addressed in section 2.3.4 and the ethics education requirements of IFAC and SAICA have also been reviewed in sections 2.5 and 2.6 respectively.

In this chapter of the dissertation on the background of business ethics and business ethics education, the following important questions, discussions and issues will be addressed:

recommendations in King II, but are now matters of law because they are contained in the [Companies] Act [No.71 of 2008]... [For example] [e]very public company and state-owned company must have a company secretary, who has specific duties set out in the Act. The company secretary is dealt with in Chapter 2 Principle 2.21 [of King III]... [Also] [e]very public company and state-owned company must appoint an audit committee, the duties of which are described in the Act and repeated in Chapter 3 Principles 3.4 to 3.10 [of King III]."

Firstly, a brief overview on the development of philosophy will be provided since business ethics can be viewed as a subdivision of philosophy (as mentioned earlier in this section and as will be further elucidated in section 3.2). An exposition of how business ethics links with philosophy will (among others) be provided. Due to the fact that this study largely concentrates on the accountancy and auditing professions, referral will also briefly be made to how the so-called “professional ethics” of the concerned professions fit into the comprehensive discipline of philosophy.

The second aspect to be addressed will be the issue as to whether ethical reasoning and behaviour can be taught (i.e. whether ethics education is of any value) and whether humans are born with an inherent strive to live ethically as opposed to certain humans being born “unethical” and ethics education being pointless for such persons. For the purposes of this study, the just mentioned questions also lie at the core of the empirical section of the study (see chapter 4). In chapter 4 it essentially concerns an empirical test that was performed under four different groups of respondents to determine whether the completion of a course in business ethics had an impact on the ethical reasoning and perspectives of the respondents.

Lastly (in this chapter), recommendations are made regarding different topics and aspects that ought to be included in a business ethics course, after taking a vast literature study and anecdotal feedback from students that attended and lecturers that present business ethics courses into consideration.

3.2 PHILOSOPHY, ETHICS, APPLIED ETHICS, BUSINESS ETHICS AND PROFESSIONAL ETHICS – AN OVERVIEW

“That you may retain your self-respect, it is better to displease the people by doing what you know is right, than to temporarily please them by doing what you know is wrong.”

William J. H. Boetcker

3.2.1 INTRODUCTION

“The meaning of good and bad, of better and worse, is simply helping or hurting.”

Ralph Waldo Emerson

As mentioned in the title, this section of the chapter concerns philosophy, ethics, applied ethics, business ethics and professional ethics. For the purposes of this study and by way of introduction to this section, the relationship between these five disciplines can be presented as follows schematically:

Schematic representation 3.1: Diagram of disciplines relevant to the study



(Source: own diagram)

The above schematic representation is merely a theoretical outlay for the purposes of this study. The lines of partition between these five disciplines and what they constitute are not always clearly set and overlapping between disciplines do occur. The schematic representation and its components can be explained briefly as follows:

Philosophy can be described as the “mother discipline” from which the other three disciplines developed. Moreover, in academic literature, philosophy (which is essentially the search for “wisdom” and “truth” - refer to section 3.2.1 for further elaboration on this topic), is generally regarded as the foundation of all disciplines. This is for instance illustrated by the “inner workings” of other disciplines being called the “philosophy of” the specific discipline e.g. the “philosophy of science” and the “philosophy of history” (Pigliucci, 2009). As further illustration can be mentioned the

title of D.F.M. Strauss's (*Outstanding Professor* of philosophy at the UFS and likely the most acclaimed⁴⁶ living philosopher South Africa has yielded) magnum opus on philosophy significantly titled, *Philosophy: Discipline of the Disciplines*, which was awarded with the *Herman Dooyeweerd Prize* by the *Vrije Universiteit Amsterdam* (SA Akademie, 2011; Strauss, 2009).

The word "ethics" is etymologically derived from the Greek word "ethos", which means "character" or "manners" (Skorupski, 2003, p. 203; BBC, 2012). Simplistically stated, ethics is a system of moral principles that is concerned with what is "good" for the society as well as individuals, affecting how people make decisions and lead their lives (BBC, 2012). General ethical questions are for instance, "how does one lead a 'good' life" and "what is virtue".

Since the twentieth century, many areas of human activity have been subject to ethics, or more specifically, applied ethics (Haldane, 2003, p. 490). According to Lane (2012) "*applied ethics is the branch of ethics that asks relatively concrete questions about the morality of specific controversial actions and policies.*" Sub-branches of applied ethics include, for instance, business ethics, environmental ethics, "bioethics", "genethics", and gender ethics (Haldane, 2003, p. 490). For purposes of this study, the only sub-branch of applied ethics to be focused on, is business ethics. General questions on applied ethics can, for instance, include whether abortions, capital punishment or the generation of nuclear power are ethically justifiable (Van Wyk, 1985, p. 1).

As business and economics have increasingly become key driving forces in contemporary societies, the urgency to ensure that they develop in the "right direction" has also increased (Enderle, 2003, p. 531). Business ethics (being the

⁴⁶ Prof Strauss has received the Stals Prize for Philosophy from the *Suid-Afrikaanse Akademie vir Wetenskap en Kuns* (the South African Academy of Science and Art) and the N. P. Van Wyk Louw Prize - the highest award for academic work by a South African citizen within various academic fields, also from the South African Academy Science and Art (Strauss, 2009).

main focus of this study) is thus a subbranch of applied ethics, concerned with business and economically related ethical issues. A general business ethics questions can, for instance, deal with whether Broad-Based Black Economic Empowerment (B-BBEE) and the manner in which it is applied in practice, are ethically justifiable.

Professional ethics (e.g. medical ethics or journalism ethics) plays a governing role, which is influenced by the nature of the profession, its place in society and the resulting application of general ethical principles to the profession (Skorupski, 2003, p. 203). If professional ethics are not viewed as an earnest matter by members of a profession, there is a high risk that members of the profession may act unethically and unprofessionally, which may lead to reputational damage to and loss of public trust in the specific profession as was, for instance, the case with the accounting and auditing profession - specifically the “Big Five” audit firm, Arthur Andersen, due to the Enron scandal (refer to section 1.1 for more regarding the Enron scandal and sections 1.1, 1.4, 2.3.3 and 2.5.2 for elaboration on loss of trust in the accountancy and auditing professions). A general professional ethics question with the regard to the auditing professional can, for instance, be whether an auditor should be allowed to lead an audit of a company if the auditor’s parents are the majority shareholders in the company.

Subsequently, the five “disciplines” of (and including) philosophy set out in figure 3.1 and briefly discussed above, will be considered in more detail.

3.2.2 PHILOSOPHY

“The philosophers have only interpreted the world, in various ways: the point, however, is to change it.”

Karl Marx

3.2.2.1 INTRODUCTION

“All sciences are now under the obligation to prepare the ground for the future task of the philosopher, which is to solve the problem of value, to determine the true hierarchy of values.”

Friedrich Nietzsche

According to Palmer (2006, p. 2) “[t]he Greek word ‘logos’ is the source of the English word ‘logic’ as well as all the ‘-logies’ in terms like ‘biology,’ ‘sociology,’ and ‘psychology,’ where ‘logos’ means the theory, study, or rationalization of something. ‘Logos’ also means ‘word’ in Greek, so it involves the act of speaking, or setting forth an idea in a clear manner. ‘Logos,’ therefore, designates a certain kind of thinking about the world, a kind of logical analysis that places things in the context of reason and explains them with the pure force of thought. Such an intellectual exercise was supposed to lead to wisdom...” The etymological origin of the term “philosophy” is derived from the Greek word “philosophia” - the roots “phileo” and “sophia” respectively meaning “to love,” and “wisdom” (McKeon, 1964, p. 239; Kimura, 2006, p. 1). In ancient Greece, a person who devoted himself to “logos” was considered as a “lover of wisdom”, hence the term “philosopher” (Palmer, 2006, p. 2).

Before the ancient Greek philosophers began attempting to explain natural phenomena based on reason and evidence, the traditional, mythological approach, that attempted to explain natural events in terms of supernatural origins, reigned (Berg, 2012; IEP, 2012; Palmer, 2006, p. 2). In the case of the ancient Greeks, this

involved tracing natural events (such as lightning) to the capriciousness of the gods of Mount Olympus (e.g. lightning supposedly being a weapon of Zeus) (New World Encyclopedia, 2008; Berg, 2012). Through the fertile imaginations of poets such as Homer and Hesiod, mystic epical narratives that explained, among others, the origin of the world and the genealogy of the gods were created (New World Encyclopedia, 2008; Palmer, 2006, p. 5). The ancient Greek philosophers, however, attempted to discern patterns and principles that could uniformly, consistently, and comprehensively explain natural phenomena in terms of natural causes (New World Encyclopedia, 2008; Berg, 2012).

Palmer (2006, pp. 6, 7) states that *“the poetry and drama of the Greeks demonstrate an intense awareness of change, of the war of the opposites - summer to winter, hot to cold, light to dark, and that most dramatic change of all, life to death. Indeed, this sensitivity to the transitory nature of all things ... led the Greeks to demand an explanation... [T]hese early Greek philosophers reframed the perennial puzzles about reality in such a way as to emphasize the workings of nature rather than the work of the gods. For instance, they tended to demote cosmogony (theories about the origins of the world) and promote cosmology (theories about the nature of the world). This new direction represents the beginnings of a way of thinking that the Greeks would soon call ‘philosophy’.”*

Socrates (469-399 BCE), an imperative figure in philosophy, made a principal contribution in shifting the central focus of philosophy from cosmology to ethics and morality (New World Encyclopedia, 2008; Berg, 2012). He considered the study of “natural philosophy”⁴⁷ and the materialistic worldview⁴⁸ as futile compared to seeking

⁴⁷ The pre-Socratic philosophers are also known as “natural philosophers” due to their most distinct characteristic feature being their emphasis on creating general theories about the functioning of the cosmos (“kosmos” is the Greek term for “world”) (Berg, 2012; New World Encyclopedia, 2008; IEP, 2012; Pigliucci, 2009; Palmer, 2006, p. 11). Aristotle referred to the pre-Socratics as “Investigators of Nature” (IEP, 2012). They were the earliest Western philosophers, active during the sixth centuries BCE in ancient Greece (New World Encyclopedia, 2008).

a real and true understanding of the highest values in life, which one needs in order to live a “good”, “worthy” life according to the highest ethical standards (New World Encyclopedia, 2008; Berg, 2012; Kimura, 2006, p. 1). Socrates did not agree with the Sophists⁴⁹, specifically Protagoras (as quoted in *Theaetetus* by Plato) that “man is the measure of all things”, nor did he agree with the “natural philosophers” and the value they attributed to materialism, which eventually led to the modern materialistic ideology according to which “*man and money are the measure of all things*” (Vander Ploeg, 1959, p. 4; quoted by Malan, 1984, p. 6), (Palmer, 2004, p. 1; Palmer, 2006, p. 54). Instead, Socrates attached value to “virtue” and pursued virtue through self-examination and self-reflection of which the aphorisms “*the unexamined life is not worth living*” and “*know thyself*” (commonly attributed to Socrates) are indicative. One of the central themes/theories of Socratic ethics is that “virtue is knowledge”⁵⁰.

Socrates was born from the marriage between a sculptor (allegedly) and a midwife during a period when a cultural shift towards placing high value on political power (as opposed to the study of cosmology) was taking place in Athens (Van Bart, 2002a; Palmer, 2006, p. 48). The pursuit of political power and the study of rhetoric (which was an imperative “skill” for politicians of that era who relied mainly on their oral persuasiveness to gain public support) were widespread possibly due to the socioeconomic structure of ancient Greece during that period. A major part of the economic foundation of its society was slave labour and booty from military conquests (in itself ethically dubious practices) that produced a whole leisured class of men with time on their hands that they could spend debating and contesting for political support (Palmer, 2006, pp. 5, 6). The demand for instruction in rhetoric and the means to achieve political success gave rise to a group of philosophers known as Sophists, who travelled from city to city and charged admission to their lectures (which led to them also being named “wandering teachers”) (Van Bart, 2002a; Smith,

⁴⁸ Refer to (Malan, 1984, pp. 1-6) for more on materialism as worldview, it’s roots in ancient Greek philosophy of the pre-Socratics and it’s evolution in philosophy through the ages.

⁴⁹ Refer to the following paragraph for more detail on the Sophists.

⁵⁰ In Plato’s *Meno*, Socrates proposes the following hypothesis: if virtue is a kind of knowledge, then it can be taught (Stone, 2010, p. 251). Thus the debate (which carries on in the 21st century) on whether ethics (“virtue”) can be taught has already begun millennia ago.

2009, p. 31; Palmer, 2006). The word “Sophist” is derived from the Greek word “sophia”, which, as mentioned at the beginning of section 3.2.2.1, means “wisdom”. However, the word “Sophist” adds a negative connotation to wisdom and has come to mean “wise guy”, as in someone who thinks he is smarter than others or someone who is clever but ethically questionable (Palmer, 2006, p. 48; Smith, 2009, p. 30; Evans, 2010, p. 232). The Sophists’ lectures were not on the nature of reality or truth but instead they instructed their students in what would most likely lead to political success (which of course is not necessarily “truth”) e.g. the nature of power, eloquence and persuasion (Palmer, 2006, pp. 48, 49; Van Bart, 2002a; Smith, 2009, p. 31; Evans, 2010, p. 232). According to Van Bart (2002a) this led the deterioration of the objective standard of the truth that ended in socio-political and moral decay.

Socrates pursued that which is universally “good” and “true” and without subjective agendas such as gaining political power (Van Bart, 2002a). In a non-violent manner, he revolted against the value system of his contemporaries and the teachings of the Sophists. According to Palmer (2006, p. 56), Socrates queried every person he met on the streets and market places of Athens on whether that person knew anything, while Socrates himself ironically professed to know nothing. This dialectic investigation led to so-called Socratic dialogues (that was later published by Socrates’s student Plato) in which Socrates’s discussion partner came to new intellectual and moral insights through Socrates’s guidance (Van Bart, 2002a; Van Bart, 2002b; Palmer, 2006, p. 56; Evans, 2010, p. 234). In this respect, Socrates viewed himself as following the occupation of his mother, a midwife, present at the birth of knowledge⁵¹ (Van Bart, 2002b).

Socrates’s questioning of the then existing structures, by which he offended many of the powerful figures of Athens, resonated especially with the youth, since Socrates was an inspiration and source of knowledge for them (Palmer, 2006, p. 57; Van Bart, 2002a). Herein resided the core of the accusations (teaching false doctrines, impiety and corrupting the youth) of which Socrates was unjustly found guilty and sentenced

⁵¹ The method which Socrates used to lead his students to insight is known as the maieutic method, which is derived from the Greek word for midwife, being “maia” (Van Bart, 2002b).

to death (Van Bart, 2002a; Palmer, 2006, p. 58; Evans, 2010, pp. 229, 239; Smith, 2009, p. 11).

The teachings of Socrates are still known today due to Socrates's most renowned student, Plato (427-347 BCE), who recorded the Socratic dialogues (Evans, 2010, p. 229; Smith, 2009, p. 11). The important role that Plato has played in the history of philosophy is depicted in the well-known quote by the mathematician Alfred North Whitehead (1979, p. 39) stating that all of Western philosophy "*consists of a series of footnotes to Plato*" (Pigliucci, 1999). Plato's *Crito*, takes the form of a dialogue between Socrates and his friend, Crito, in Socrates's prison cell during the last days before his execution (Evans, 2010, p. 229). Socrates refuses Crito's offer to finance his escape from prison and explains why he has to accept Athens' death sentence (Pigliucci, 2011; Wikipedia, 2012c). According to Pigliucci (2011) Socrates stated that "*he owes his life and all he has been able to do to the fact that Athens is governed by the Laws, and that it would therefore be unfair for him to disobey the Laws when it is no longer convenient to follow them, even though the citizens of Athens are thereby about to commit an injustice. Essentially, Socrates is saying that he is party to a social contract, and that he is bound by it even when things don't go well for him.*" Socrates kept to his principles and drank the hemlock, and as stated by Palmer (2006, p. 58) in death becoming "*the universal symbol of martyrdom for the Truth*".

The foundation of the university system in the western world is widely attributed to Plato, who founded a school of learning in 387 BC in Athens which he called the "Academy" (EGS, 2012; Palmer, 2006). This further facilitated the search for "meaning" and "truth" through wisdom as this quote by Ochs (1982, p. 467) (as quoted by Botha, 1987, p. 65): "*Education is the transmission of wisdom and of the means of achieving wisdom... [and] subjecting received wisdom to critical discussion and pragmatic testing.*" According to a biography of Plato by the European Graduate School (2012) "*Plato hoped the Academy would provide a place where thinkers could work toward better government in the Grecian cities*".

Except for his contribution to the university system and education, Plato also made a considerable contribution to political philosophy, as the preceding quote alludes to. In Plato's seminal work, the *Republic*, the importance of only highly and properly educated 'guardians', being endowed with state authority, is emphasized (Brown, 2003, p. 607; Johnson, 2009, p. 8). According to Kemerling (2011) *"Plato held that guardians should own no private property, should live and eat together at government expense, and should earn no salary greater than necessary to supply their most basic needs. Under this regime, no one will have any venal motive for seeking a position of leadership, and those who are chosen to be guardians will govern solely from a concern to seek the welfare of the state in what is best for all of its citizens."* (Refer to sections 1.3.1, 1.3.2, 1.3.4 and 1.3.6. for examples of South African government leaders' recent abuse of state funds). Plato was hundreds of years ahead of his time if one takes into consideration that his "guardians" reminds one of the roles that independent, non-executive directors should play in a company according to the *King Report on Corporate Governance* (King III).

3.2.2.2 SUBDIVISIONS OF PHILOSOPHY

"Political and philosophical power should be in the same hands."

Plato

As can be deduced from the pre-Socratic philosophers' emphasis on nature and physics (refer to section 3.2.2.1 as well as footnote 47), it is difficult to make a distinction between "science" and "philosophy" during the pre-Socratic period of Western philosophy (Pigliucci, 2009; Palmer, 2006, p. 8). Science in fact originated as a branch of philosophy, namely "natural philosophy" (refer to footnote 48) (Berg, 2012; New World Encyclopedia, 2008; IEP, 2012; Pigliucci, 2009). However, in the modern world, science and philosophy are two distinct fields of study (Pigliucci, 2009).

Broadly speaking, science deals with the study and understanding of natural phenomena (Palmer, 2006, p. 8; Pigliucci, 2009). Science is further concerned with empirically (either observationally or experimentally) testable hypotheses that should account for those phenomena (e.g. explaining how natural laws are causally related to natural phenomena) (Palmer, 2006, p. 8; Pigliucci, 2009). Philosophy, on the other hand, deals with problems that require a speculative approach through conceptual analysis (the logical scrutiny of general ideas) rather than an experimental approach through observation or data gathering (Palmer, 2006, p. 8; Pigliucci, 2009). Professor Massimo Pigliucci (2009) of the City University of New York, states that it should be noted that although philosophy and science are seen as two distinct activities that work by different methods, *“they inform each other in an inter-dependent fashion (science depends on philosophical assumptions that are outside the scope of empirical validation, but philosophical investigations should be informed by the best science available in a range of situations, from metaphysics to ethics and philosophy of mind).”*

The main fields within the comprehensive field of philosophy include, but are not limited to, the following:

- Ontology - the theory of being;
- Epistemology – the theory of knowledge and the limits to our understanding;
- Axiology – the theory of value, which includes
 - Ethics, or moral philosophy – the theory of “right” behaviour;
- Aesthetics – the theory of beauty/art; and
- Logic – the theory of rational thought and correct inference (Palmer, 2006, p. 8; Pigliucci, 2009).

This study however only focuses on ethics, as will now be further discussed.

3.2.3 ETHICS AND APPLIED ETHICS

“There is no moral precept that does not have something inconvenient about it.”

Denis Diderot

The terms “ethics” and “morality” are often used interchangeably. In South Africa, reports on the “moral-ethical” crisis in the country and the country losing its “moral compass” appear on a regular basis (SAPA, 2012q; Raga & Taylor, 2005, p. 11; Shumba, 2011, p. 88). Bowie & Schneider (2011, p. 2) state that “[a]cademics often distinguish between morality and ethical theory – ‘morality’ being the social practices that define right and wrong and ‘ethical theory’ being the field that aims to discover how people determine what’s right and wrong. But most people consider the two terms to mean the same thing.” In the handbooks of Rossouw, et al. (2010, p. 17) and Rossouw & Van Vuuren (2010, p. 4), being the two handbooks that are prescribed for the four groups selected for the empirical section of this study (refer to section 2.7 for more detail), the same conclusion as Bowie & Schneider is reached and the two terms are also used as synonyms. Thus, in this study, the terms “ethics” and “morality” and their derivative forms may be used interchangeably.

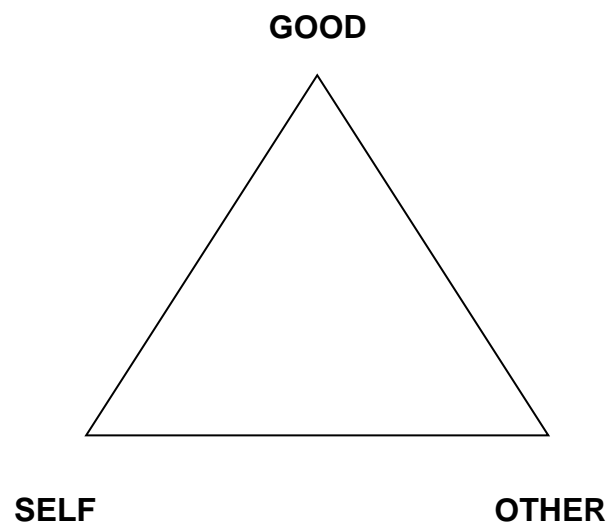
Literally thousands of definitions for “ethics” exist, but for purposes of this study, the following three definitions will be considered:

- a.) According to Velasquez (2006, p. 8) *“ethics is the study of morality”*. This definition relates well with the preceding discussion about the interchangeability of the terms “ethics” and “morality”.
- b.) Bowie & Scheider (2011, p. 10) defines ethics as *“the code of moral standards by which people judge the actions and behaviours of themselves and others.”*
- c.) The definition of ethics that is probably most well known in South African tertiary business ethics education, is the definition according to Rossouw & Van Vuuren (2010, pp. 4, 5): *“Ethics concerns itself with what is good or right in human*

interaction. It revolves around three central concepts: 'self', 'good' and 'other'. Ethical behaviour results when one does not merely consider what is good for oneself, but also considers what is good for others. It is important that each of these three central concepts be included in a definition of ethics."

These three "central concepts" to ethics can be schematically represented as follows (Rossouw & Van Vuuren, 2010, p. 5):

Schematic representation 3.2: The three central concepts to ethics



(Source: Rossouw & Van Vuuren, 2010, p. 5; Rossouw, et al., 2010, p. 18)

In the above definition (c.) and the schematic representation (3.2), the reciprocation between "self" and "other" is simplistic. It represents interaction between, for instance, two or more individuals, institutions, business enterprises or countries. However, for the purposes of business ethics the main concern is whether this "interaction" is "good"/"bad" or "right"/"wrong".

In 1970, the American economist and Nobel Prize laureate, Milton Friedman, published his seminal paper *The Social Responsibility of Business is to Increase its Profits* in the *New York Times Magazine*. Herein Friedman relied upon (and might

even have abused) ethical reasoning (specifically the concept of “corporate social responsibility”) to defend his position in favour of a capitalist-based market economy⁵² (Lovell, 2005, p. 5). In the paper he came to a similar conclusion as the Harvard history professor, Henry Adams, who stated that “[m]orality is a private and costly luxury,” (Maxwell, 2003a, p. 7).

Similar to Friedman, ethical reasoning and cultural relativism has been abused by the previous South African government, certain Islamic governments and the Communist government of the Soviet Union to justify respectively apartheid, the disparagement of women’s rights, and basic human rights violations (Zechenter, 1997, pp. 319, 322). Even the atrocities of the holocaust perpetrated during the Second World War⁵³ were “justified” with ethical and cultural relativistic reasoning (Zechenter, 1997, p. 319). Also, Socrates was unjustly found guilty (refer to section 3.2.2.1 for more details on Socrates’s trial) and sentenced to death due to the shamelessly tortured ethical reasoning, unsupportable claims and insinuating his guilt by association (Van Bart, 2002a; Palmer, 2006, p. 58; Evans, 2010, pp. 229, 239; Smith, 2009, p. 11; Brickhouse & Smith, 1989, p. 66; Siegel, 2001).

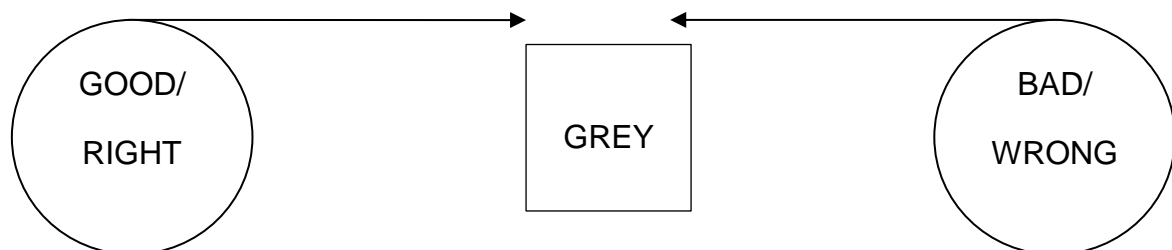
⁵² Friedman (1970, p. 1) began his paper as follows: “*When I hear businessmen speak eloquently about the ‘social responsibilities of business in a free-enterprise system’...they are... preaching pure and unadulterated socialism.*”

⁵³ After the Second World War the United Nations (1945, a. 55) were created as international, ethical “guard dog” to protect and “*promote universal respect for and observance of human rights and fundamental freedoms for all without distinctions of race, sex, language or religion*”. According to Zechenter (1997) the “*growing debate about the validity of the universalist assumptions underlying the human rights regime is, to some degree, inevitable in a world with ever-increasing interconnectedness and globalization. Human rights institutions are increasingly exposed to a growing variety of norms, values, and beliefs, and to competing claims of legitimacy from various cultures and subcultures. To human rights relativists, universal human rights norms are impossible to defend in such a richly diverse world and are no more than a ‘Western concept with limited applicability’... If human rights were to have different meaning to Western and non-Western countries, the whole system of human rights law would be rendered meaningless.*”

Ethics is not a simple matter of something being either “right or wrong” or “good or bad”, nor simply a set of “universal rules” that can be applied to all relevant situations. Numerous practical ethical dilemmas are too complicated for such simplistic quick-fixes. As an example can be stated the case of lying: telling a lie is commonly agreed to be “wrong”, but if a person lies in order to save another person’s life, the act of lying may be seen as acceptable (even though it is generally still agreed that telling the truth is regarded as “good”). This illustrates that a.) a general ethical principle, such as “one should not lie”, cannot consistently and mindlessly be applied in all cases where relevant ethical reasoning is needed and b.) an action that is generally regarded as “wrong”, such as lying, may be seen as “good”, dependent upon the specific circumstances under which the action were performed.

When the border between “right” and “wrong” are unclear, as in the above example on lying, it results in ethical “grey” areas. These ethical “grey” areas are especially common in applied ethics due to the use of casuistry. Casuistry (also known as case-based reasoning) is the application of *general* ethical principles to *particular* cases and is often used as a critique of principle- or rule-based reasoning (Dictionary.com, 2012; Princeton University, 2012). Ethical “grey” areas and casuistry can be further elucidated with the following schematic representation:

Schematic representation 3.3: “Poles” of ethics



(Source: own diagram)

In the above schematic representation, the two circles can be seen as the two extreme “poles” of good/right and bad/wrong. Certain actions are seen as good/right regardless of people’s differing traditions, religions and cultures. Examples of such universally approved, good/right deeds would be to offer a poor person, which may starve of hunger, a meal or to help an elderly, blind person to safely cross a busy street. This can be contrasted to the bad/wrong acts of brutal murder or rape which is universally disapproved of and unacceptable. The closer one moves to the middle, away from the two ethical “poles” just mentioned, the more “grey” and less explicitly good/right or bad/wrong a deed may become. As an example, the ethically ambiguous practice of polygamy in both the forms of one husband having many wives (polygyny) and one wife having many husbands (polyandry) can be mentioned.

Some of the reasons that unethical practices are perpetrated under the cover of “ethics”, are because of the abuse of this “grey” area, casuistic reasoning and cultural relativism. According to John Maxwell (2003a, p. 8) *“[m]any people choose to deal with... situations by deciding what’s right in the moment, according to their circumstances. That’s an idea that gained legitimacy in the early 1960s when dr Joseph Fletcher, dean of St. Paul’s Cathedral in Cincinnati, Ohio, published a book called ‘Situation Ethics: The New Morality’. In it he said that right is determined by the situation, and love can justify anything – lying, cheating, stealing... even murder. Since the 1960s, situational ethics has become the norm for social behaviour. After spreading rapidly through the worlds of education, religion and government, it has penetrated a new area – the business world. The result is ethical chaos. Everyone has his own standards, which change from situation to situation... Where once our decisions were based on ethics, now ethics are based on our decisions.”*

This further illustrates the complicated matter of ethics: although the application of ethics should not be strictly rule-based, every person cannot create his/her own relativistic ethical standards either.

3.2.4 BUSINESS ETHICS

"If you think you're too small to have an impact, try going to bed with a mosquito in the room."

Dame Anita Roddick

According to Bowie & Schneider (2011, p. 10) business ethics is “the application of a moral code of conduct to the strategic and operational management of a business.” Rossouw (2004, p. xii) describes business ethics as “*any discourse about the ethical dimensions of business*”. It is often stated that “business ethics” is a contradiction in terms because an inherent conflict exists between ethical conduct and the self-interested pursuit of profit (Velasquez, 2006, p. 5). However, according to Maxwell (2003a, p. xi) “[t]here is no such thing as business ethics – there’s only ethics. People try to use one set of ethics for their professional life, another for their spiritual life, and still another at home with their family. That gets them into trouble. Ethics is ethics. If you desire to be ethical, you live it by one standard across the board.”

There exists a big difference between business ethics practice and business ethics theory (refer to section 3.3 for a more detailed discussion on this topic) (Bowie & Schneider, 2011, p. 1). Just as it is not the case in ethics, in business ethics it is also not that case that “*the only thing that is needed to come to a moral decision when faced with a moral choice is to apply a legitimate moral rule to that specific situation and then deduce the appropriate moral response from that moral rule,*” as stated by Rossouw (2004, p. 44). Philosophers who are involved in teaching business ethics are often criticized for allegedly favouring a rule-following approach to business ethics (Rossouw, 2004, p. 44).

The preceding is only a very brief overview on business ethics. In section 3.4, further elucidation on the topic of business ethics will be provided, especially concerning

possible elements/topics that ought to be included in a meaningful and informative business ethics course on tertiary educational level.

3.2.5 PROFESSIONAL ETHICS

"Action indeed is the sole medium of expression for ethics."

Jane Addams

Since professional ethics was already referred to in sections 2.6, 2.7 and 3.2.1 and the focus of this study does not fall on professional ethics, this topic will not be discussed any further.

3.2.6 CONCLUSION

"Such is the brutalization of commercial ethics in this country no one can feel anything more delicate than the velvet touch of a soft buck."

Raymond Chandler

From the preceding sections, it is clear that terms such as "philosophy", "ethics" and even "applied ethics" such as "business ethics", and to a lesser extent "professional ethics", are very hard to define, (and maybe even undefinable) partially due to the comprehensive range of concepts that are implied by these terms. Ethics can, for instance, be the measure of virtually every dealing and interaction between individuals, countries, institutions, etc. Taking this into consideration, it is not surprising that the eminent philosopher, Pigliucci (1999), perhaps tongue-in-cheek, used words of a well-known USA court judgement to elucidate the "indefinableness" of philosophy when he stated the following: *"Philosophy is difficult to define precisely, but - as American Justice Potter Stewart once famously said of pornography - one recognizes it when one sees it"*.

3.3 KEEPING BUSINESS ETHICS COURSES RELEVANT, AND OTHER CHALLENGES TO BUSINESS ETHICS EDUCATORS

*"We have always known that heedless self-interest was bad morals;
we know now that it is bad economics."*

Franklin D. Roosevelt

A business ethics course should be presented in a pragmatic and practically applicable manner so that it does not result in a mere philosophical and theoretical course that has little to do with ethical challenges encountered in the real accountancy profession and business world. According to an article by Bennis and O'Toole (2005, p. 96) in the Harvard Business Review (quoted by Diamond & Robison, 2008, pp. 2, 9), business schools and the education provided by them are increasingly criticised for their lack of curricular relevance to the present-day economic and social market and their failure to translate business knowledge into applicable, useful skills. The same shortcomings may come to (or all ready do) exist in certain business ethics courses presented to accountancy and business majors at South African universities.

There are numerous reasons that may result in business ethics courses being irrelevant and impractical. One of the reasons includes that business ethics lecturers (especially at accountancy departments) are seldom experts in the specialised field of business ethics. Mostly, either a CA (as is the case in all four of the courses selected for the empirical study (refer to section 2.7 for more on the specific courses) or a philosopher (as has been the case at the University of Stellenbosch) presents the course.

Generally, CAs have been soundly grounded in the narrow, highly-specialised aspects of accountancy (Chu & Man, 2012, p. 125). However, seldom have they received sufficient exposure to formal training in philosophy, ethics, business ethics,

accounting history and the social and ethical implications of accounting and business to make them truly knowledgeable about business ethics and confident in presenting the course at tertiary level (Massey & Von Hise, 2009, p. 492; Merino, 2006, pp. 377, 378). Philosophers, on the other hand, normally have undergone specialised training in philosophy and ethics, but mostly have limited knowledge of business, management and the accounting and auditing professions. Of the three tertiary institutions selected for the empirical study, only the business ethics lecturer at the UFS is qualified in auditing and accountancy (a CA with a doctorate degree in auditing), as well as philosophy (philosophy up to third-year level). Bennis and O'Toole (2005, p. 104) (quoted by Diamond & Robison, 2008, p. 9) argue that to be really effective, *“business schools need a diverse faculty populated with professors who, collectively, hold a variety of skills and interests that cover territory as broad and as deep as business itself.”*

Many accounting faculties seem to fail to recognise the value of business ethics education, dismissing it as a nonessential⁵⁴ component of a program in accountancy (Russel & Smith, 2003, p. 49; Chu & Man, 2012, p. 125). Merely requiring students to take business ethics because it prescribed as part of the syllabus by SAICA (refer to section 2.6 for more detail on SAICA's requirements for business ethics courses in SAICA-accredited university programs), will not serve the course's purpose and in fact may cause much harm, especially if the course is taught in a perfunctory manner by educators whose main interests lie elsewhere (meaning with one of the four “traditional” subjects in an accountancy program, as named in footnote 54) (Bowen, 1960). In all likelihood, such educators would also prefer the “traditional” technical method of lecturing on “how to” (which they would perhaps feel more comfortable with)⁵⁵ instead of, for instance hosting a debate with the students on “why” (which

⁵⁴ Business ethics is not regarded as one of the four, sole “traditional” third year and CTA subjects, namely financial accounting, cost and management accounting, taxation and auditing, although within tertiary accountancy programs, business ethics is often regarded, presented and assessed as a subcategory of auditing (refer to sections 2.5.2 and 2.6 and footnote 32 for discussions on whether business ethics should be presented as a separate course or as integrated with, for instance, auditing).

⁵⁵ According to Nelson (1995, p. 71) (cited by Chu & Man, 2012, p. 125) accounting educators probably favour teaching in a technical manner, because *“they have not been*

may be a more suitable method to present business ethics) (Chu & Man, 2012, p. 125; Nelson, 1995, pp. 70, 71). According to Nelson (1995, p. 70, 71) *“[i]t is neither overly time-consuming nor difficult to present a technical lecture filled with official rules to be memorized, assign students to read a detail-laden text and to do some highly structured exercises for homework, then test students' abilities to parrot back what they memorized with exam questions that always have a single, correct answer.”*

The above scenario can be contrasted with educators engaging students in social critique that raises provocative questions about the role of accounting in present-day society and that challenges students to be both experts and critics (refer to section 2.4 for more detail on this topic) (Merino, 2006, p. 375). Educators who present business ethics lectures like this – away from the notions that there is “always only one correct answer” to every question, may help improve accountants’ skills to reason about and deal with complex and original questions and situations in which ambiguity and uncertainty are involved - such as ethical dilemmas (Nelson, 1995, p. 65). A business ethics classroom offers indefinite opportunities to cultivate students’ ethical reasoning and behaviour by encouraging debate about business ethics issues and the social implications of accountancy (Smith, 2003, p. 49). This kind of debate should also encourage students to read media articles on a regular basis, so as to stay current with and informed about real-world ethical issues that are of concern to the business world and accountancy profession. This may help ensure that business ethics does not remain a mere theoretical subject that lacks relevance to what is actually taking place in the world, but that instead focuses on pragmatism and practical applicability.

adequately prepared to teach in a non-technical manner. In fact, the vast majority of accounting PhDs have received little or no formal training in how to teach in any manner... As a result, professors tend to teach material in the same way they received it in their own undergraduate programs. It seems ironic that kindergarten teachers have more formal training in learning processes and pedagogy than do accounting professors. Perhaps the difficulty in convincing accounting faculty that they need to teach writing, speaking, critical thinking and learning-to-learn in their classes stems from a feeling that they are not qualified to teach such skills.”

Subsequently, a few challenges that may prevent lecturers from presenting business ethics courses in an optimal manner will be discussed briefly (although such challenges probably justify a dissertation in itself). According to Nelson (1995, p. 71) (converted to Chu & Man, 2012, p. 125), because critical thinking takes students out of their comfort zones, most educators who have experimented with innovative teaching methods designed to improve students' skills, find that teaching evaluations suffer. As a result of student evaluations possibly inhibiting innovative teaching methods, educators have an incentive to "play it safe" (Nelson, 1995, p. 71; Chu & Man, 2012, p. 125).

Strait and Bull (1992, p. 69) (cited by Chu & Man, 2012, pp. 124, 125) explain that the reward structure in the current accounting educators market places a premium on research over teaching and that as a result, faculty members at many institutions would be committing academic suicide to devote substantial time and effort to a major curriculum project. Without further discussing the topic in any detail, it should, however, be noted that it appears that the preceding situation is peculiar to the university system in the USA and that it is not traditionally applicable to accounting departments at South African universities. An extremely close relationship exists between the professional body, SAICA, and accountancy departments at SAICA-accredited South African universities. Over the years, this may have led to South African accountancy academics being too involved in highly specialised technical training and education of prospective CAs, while the volume and quality of research output suffered the consequences of neglect.

Other important challenges that may act as disincentives for lecturers to present business ethics courses optimally are, according to Meyer (2010, p. 5), *"the large classes in university business faculties with the highest student to staff ratios ... difficult[ies] for universities to fill vacancies in accounting and finance... heavy teaching and preparation loads, increased level of administration [and] limited time and support for research"*. To this Diamond & Robinson (2008, p. 10) add university salaries, which cannot compete with salaries offered by noteworthy firms, and a shortage of faculty graduating from PhD programs as challenges.

In sections 2.5.2 and 2.6 and footnote 31 the discussions on whether business ethics should be presented as a separate course or as integrated with another course, such as auditing, are presented. These discussions will not be repeated here. In short, it can be stated that IFAC (refer to section 2.5.2) and SAICA (refer to section 2.6) advocate that business ethics be presented as a separate course at undergraduate level (preferably a semester course during the second year of study) as well as being integrated into all other courses.

3.4 TOPICS TO BE INCLUDED IN A MEANINGFUL AND INFORMATIVE BUSINESS ETHICS COURSE

*“The cosmos is neither moral or immoral; only people are.
He who would move the world must first move himself.”*

Edward Ericson

3.4.1 INTRODUCTION

“The success of any great moral enterprise does not depend upon numbers.”

William Lloyd Garrison

Before the analysis of the empirical data (refer to chapter 4), background information on the subject of business ethics will be provided here and may serve as a point of reference to the empirical findings in chapter 4. In this section, recommendations are briefly made regarding different topics and aspects that ought to be included in a meaningful and informative business ethics course, after taking into consideration:

- A vast literature study, including numerous business ethics textbooks (listed in the bibliography) prescribed for business and accounting programs at various tertiary educational institutions worldwide; and

- Anecdotal feedback from
 - students that attended one of the business ethics courses (refer to section 2.7 for more information on the four business ethics courses selected for the empirical section of this study) and participated in amongst others, project Alpha (refer to section 2.7 for more detail on project Alpha); and
 - lecturers that presented business ethics courses.

It is by no means the purpose of this section to provide a complete and inexhaustible list of topics to be included in a business ethics course, nor is the objective to discuss each of the 19 topics in detail. Rather, there will only be briefly referred to the topics that, from the study performed as discussed above, stood out as having contributed the most to students' ethical reasoning for the purposes of developing or evaluating a business ethics course. The following 19 topics will subsequently be addressed briefly :

3.4.2.1 Myths concerning ethics

3.4.2.2 Ethics and religion

3.4.2.3 Ethics and the law

3.4.2.4 Corporate social responsibility

3.4.2.5 Triple bottom-line reporting

3.4.2.6 Stakeholders

3.4.2.7 Ethical leadership

3.4.2.8 Factors affecting the ethical conduct of employees

3.4.2.9 The relationship between organisational ethics and personal ethics

3.4.2.10 Promoting and improving an organisation's ethical culture

3.4.2.11 Whistle-blowing

3.4.2.12 Environmental and sustainability issues

3.4.2.13 Creative accounting, earnings management and the financial numbers game

3.4.2.14 Codes of conduct

- 3.4.2.15 International trade
- 3.4.2.16 Ethical decision-making
- 3.4.2.17 Increasing ethical awareness
- 3.4.2.18 Ethical theories
- 3.4.2.19 A few diverse ethical topics

3.4.2 A BRIEF OVERVIEW OF THE SUGGESTED TOPICS TO BE INCLUDED IN A BUSINESS ETHICS COURSE

“You cannot make yourself feel something you do not feel, but you can make yourself do right in spite of your feelings.”

Pearl S. Buck

3.4.2.1 MYTHS CONCERNING ETHICS

Good people do not need laws to tell them to act responsibly, while bad people will find a way around the laws.

Plato

In various sections of the study, reference was made to numerous misperceptions and disparities regarding what different people consider good/right or bad/wrong. As mentioned in section 3.2.3, it often happens that various traditions, cultures, religions, norms, standards, legislation, etc. has a strong influence on these misperceptions. A few of the most prevalent ethical “myths” that people may use to “rationalise” and “justify” unethical conduct, include the following (Rossouw & Van Vuuren, 2010, pp. 99-108; Lubbe, 2012b; Ferrell & Ferrell, 2009, p. 19):

- “Everybody does it.”
- “Just this once.”

- “Let’s keep this between us.”
- “Boys will be boys.”
- “Just look the other way.”
- “No one is going to get hurt.”
- “Don’t be such a prude.”
- “They had it coming anyway.”
- “No one will ever miss it.”
- “Who are you to judge me?”
- “By whose rules are you judging me?”
- “It is part of my culture/tradition/beliefs/religion.”
- “It is not that serious.”
- “When in Rome, do as the Romans do.”
- “The leaders are doing it.”
- “Rules are made to be broken.”
- “I’m just bending the rules.”
- “All norms/standards are relative.”
- “Ethics is personal/subjective.”
- “Ethics is a luxury.”
- “It’s a dog-eat-dog world.”
- “It’s survival of the fittest.”
- “Nice guys finish last.”
- “The bottom line is all that counts.”

- “Business and ethics don’t mix.”
- “Unethical conduct pays.”
- “The justice system is failing us.”

Myths such as the above can be applied with great success in, for instance, class discussions and case studies to illustrate possible means of “justifying” and rationalising unethical conduct.

3.4.2.2 ETHICS AND RELIGION

*“We have committed the Golden Rule to memory;
let us now commit it to life.”*

Edwin Markham

As mentioned in the introductory section to chapter 3 (section 3.1), the contribution religion made to ethics is undeniable. One of the main goals that most of the great religions of the world (e.g. Hinduism, Buddhism, Islam, Judaism and Christianity) have in common, is to teach their followers what is right (“acceptable”) and wrong (“unacceptable”) through the concerned religion’s dogma, doctrines and “sacred” writings. The essence of what it is to act “well”/“right” towards other people, is formulated in a compelling manner in the so-called “golden rule” that appears in the Bible in Luke 6:31 (New International Version): *“Do to others as you would have them do to you.”*

The widespread misperception is that the “golden rule” is solely a Christian teaching. Maxwell (2003a, pp. 22, 23; 2003b, p. 17), however, points out that variations of the

“golden rule” appear in numerous of the great religions of the world, as is reflected below in table 3.1:

Table 3.1: Variations on the “golden rule” in different religions

RELIGION	VARIATIONS ON THE GOLDEN RULE
Christianity	Whatever you want men to do to you, do also to them.
Islam	No one of you is a believer until he loves for his neighbour what he loves for himself.
Judaism	What is hateful to you, do not do to your fellow man. This is the entire Law; all the rest is commentary.
Buddhism	Hurt not others with that which pains yourself.
Hinduism	This is the sum of duty; do not unto others what you would not have them do unto you.
Zoroastrianism	Whatever is disagreeable to yourself, do not do unto others.
Confucianism	What you do not want done to yourself, do not do to others.
Bahai	And if thine eyes be turned towards justice, choose thou for thy neighbour that which thou chooseth for thyself.
Jainism	A man should wander about treating all creatures as he himself would be treated.
Yoruba Proverb (Nigeria)	One going to take a pointed stick to pinch a baby bird should first try it on himself to feel how it hurts.

(Source: Maxwell, 2003a, pp. 22, 23; Maxwell, 2003b, p. 17 – adapted)

Interaction between ethics and religion is important, but care should be taken that the course presenter and syllabus does not emphasise ethical principles through making use of one or more religions’ doctrines and thus excluding persons from other religions. The topic of religion should always be treated with great sensitivity with religious diversity in mind.

3.4.2.3 ETHICS AND THE LAW

“In civilized life, law floats in a sea of ethics.”

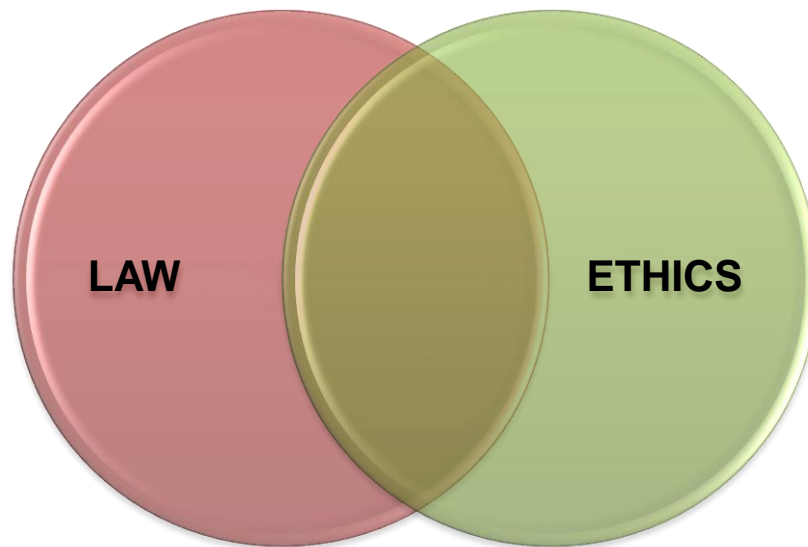
Earl Warren

In section 1.3.6, reference was made to the *trias politica* of the doctrine of the separation of powers, which forms part of the constitutional basis of any democratic state. It was mentioned that the functions and authority of government can be grouped into three categories, namely legislature, administrative/executive and judicial powers (Smit & Naudé, 1997, p. 6; Baxter, 1996, p. 344; Rautenbach & Malherbe, 1996, p. 70; Crous, 2012, p. 9). Legislature formulates policies for the governance of the country, the executive authority administers and executes these policies and the judiciary passes judgement in court cases by interpreting and applying the laws of legislature (Berning & Montesh, 2012, p. 5; Smit & Naudé, 1997, p. 6). The “law”, as referred to in the heading of section 3.4.2.3, refers to all three of the abovenamed categories of government.

The law is, however, fallible - as is for instance mentioned in section 1.3.6 with reference to insufficient division between state and party and non-separation of powers in South Africa. Current-day South Africa is not the only example of the law falling short of the ideal. Socrates’s unjust trial and conviction millennia ago is another well-known example (refer to section 3.2.2.1 for more information on this topic). Despite the unjust application (and even abuse) of the law, Socrates subjected himself to the workings of the law and the so-called social contract because, as according to Pigliucci (2011), Socrates stated that “*he owes his life and all he has been able to do to the fact that Athens is governed by the Laws, and that it would therefore be unfair for him to disobey the Laws when it is no longer convenient to follow them.*” This does, however, not mean that one cannot question the existing structures and the application of the law.

The fact that the principles of ethics and the law is not one and the same thing is illustrated by the following schematic representation (3.4):

Schematic representation 3.4: The relationship between law and ethics



(Source: Jeurissen, 2007, p. 17)

Although the law strives to uphold order and ethical conduct in a society, it does not always succeed in its purpose. The shortcomings of the law do not only exist because of the possibility to unjustly apply and abuse the law, but also because the law is manmade. The law is limited in the sense that it is not always realistically possible to make provision for each potential exception and unique scenario (especially in the written law). This results in the possibility that an act can be simultaneously either illegal and ethical or legal and unethical. The above is illustrated in table 3.2.:

Table 3.2: Ethicality versus legality

	Legal	Illegal
Ethical	a.)	b.)
Unethical	c.)	d.)

(Source: Rossouw & Van Vuuren, 2010, p. 7; Rossouw, et al., 2010, p. 24 - adapted)

Subsequently, scenarios will be used to elucidate possible instances of a.) to d.), with regards to table 3.2:

- If a driver takes a child to school in order to prevent the child from having to walk to school in a rain storm and the driver obeys all the traffic regulations, the driver is acting both ethically (he is helping the child) and legally (he is obeying the traffic regulations). This scenario is representative of situation a.).
- If a driver exceeds the speed limit in order to timeously get a severely ill child to a hospital, the driver's action may be both illegal (because he is exceeding the speed limit) and ethical (because he is attempting to save the child's life). This scenario is representative of situation b.).
- If a driver has a severely ill child who needs immediate medical attention with him in a vehicle as passenger and the driver chooses to stay within the speed limit in order to protect himself from getting into trouble with the law, instead of attempting to save the child's life by exceeding the speed limit to get the child to a hospital as soon as possible, the driver's action may be both legal (he stayed within the speed limit) and unethical (he chose his own "safety" over the child's life). This scenario is representative of situation c.).
- If a driver is exceeding the speed limit on a busy road just for a thrill, the driver is acting both illegally (he is exceeding the speed limit) and unethically (he is

endangering the lives of his fellow road users). This scenario is representative of situation d.).

Predominantly there exists harmony between the law and ethics but in certain instances, acting in line with legislation and acting according to sound ethical principles may be in conflict with each other. In such cases, a person should not lightly breach the law because acting in such a way feels “ethical”. However, the final verdict of whether such an act is indeed unlawful, rests with a court of law.

3.4.2.4 CORPORATE SOCIAL RESPONSIBILITY

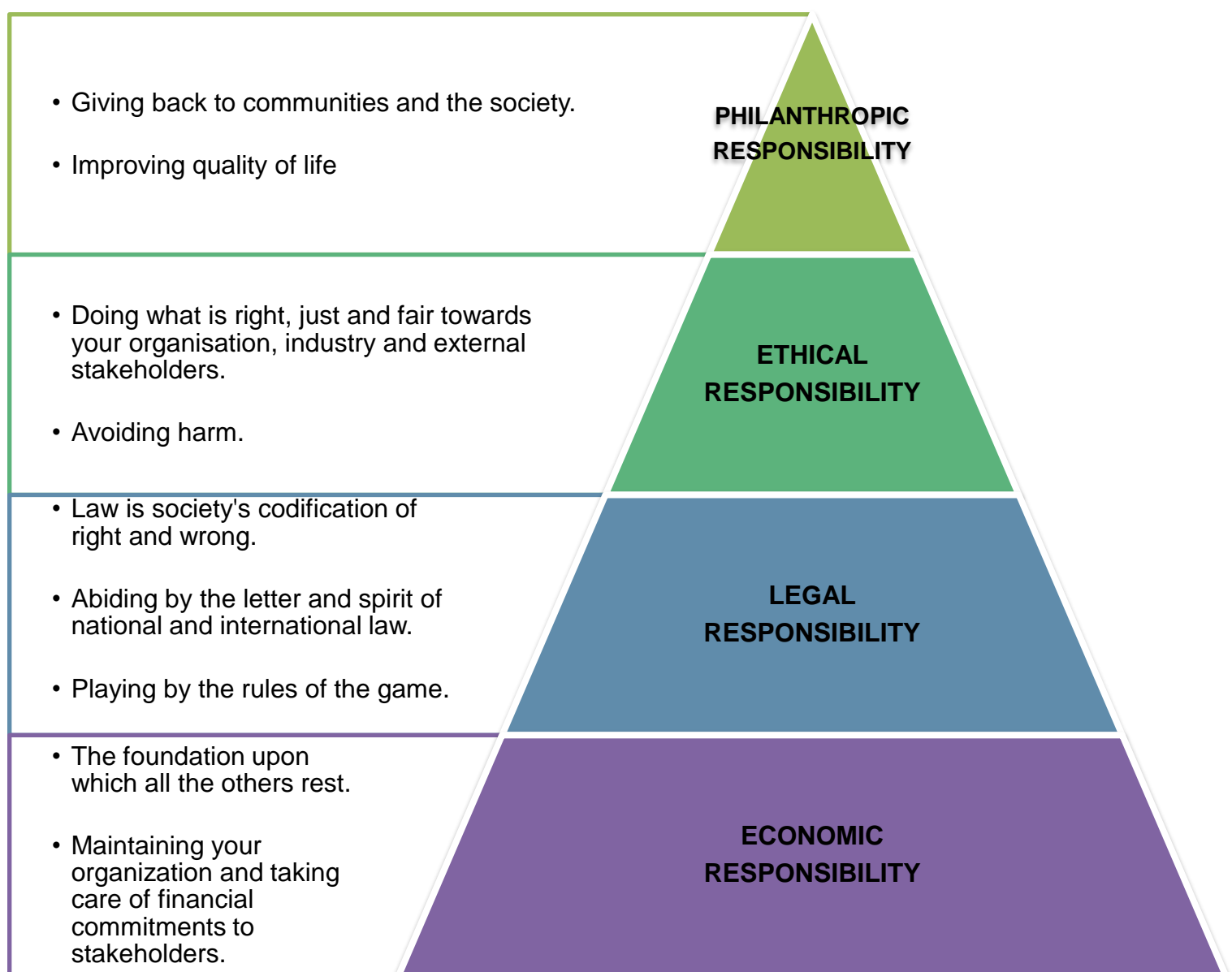
*“To care for anyone else enough to make their problems one's own,
is ever the beginning of one's real ethical development.”*

Felix Adler

In this day and age, it is generally recognised that an entity's responsibilities does not begin and end with making a profit and contributing to the economy. An entity operates within a broader environment than only the economic sphere. According to King III (IoDSA, 2009) *“[b]ecause the company is so integrated into society it is considered as much a citizen of a country as is a natural person who is a citizen”*. A business's operations are dependent on the natural and social environments within which it operates, as well as having had an impact on these environments. The fact that a business does not operate in a void and that many stakeholders are affected by how a business is operated results in a business also having a “corporate social responsibility”. As stated in King III (IoDSA, 2009, pp. 30, 118), a business's corporate social responsibility extends to the economic, social and environmental spheres, also known as the “three Ps”, respectively being “profit”, “people” and “planet” (for more on the topic also refer to section 3.4.2.5 on triple bottom-line reporting). It is an “art” to balance these three aspects, since operating a business is not economically viable without profit, but profit should not be sought after at all costs and at the expense of the well-being of the society and the natural environment within which the business functions.

As illustrated in schematic representation 3.5, the economic dimension of a business remains its fundamental responsibility and justification for being in existence. Then, in descending order of importance follows a business's legal, ethical and philanthropic responsibilities, as described in the schematic representation (3.5). Thus, an entity's total corporate social responsibility can be expressed as the sum of the economic, legal, ethical and philanthropic responsibilities of the entity, as is illustrated in schematic representation 3.5.

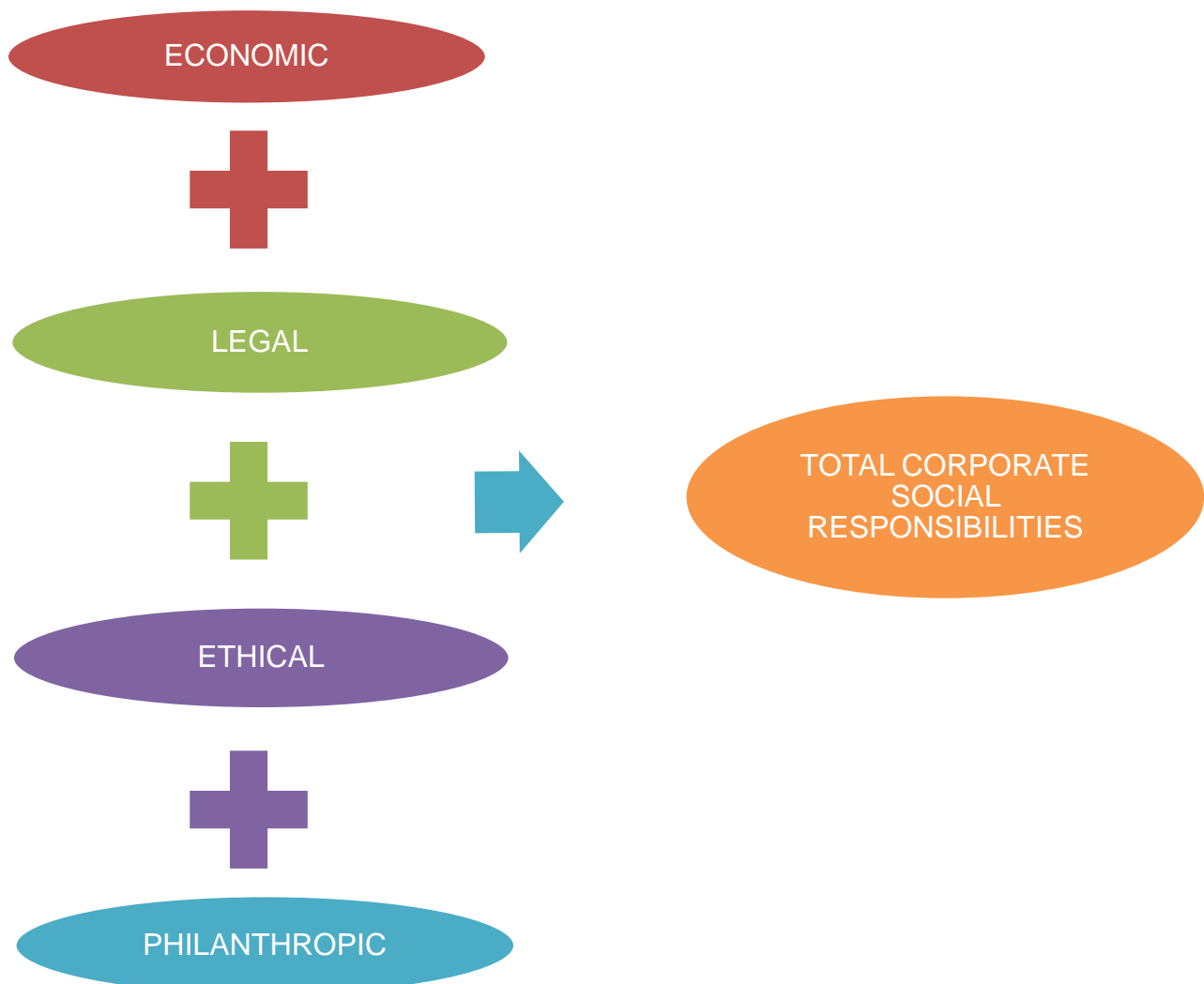
Schematic representation 3.5: The Pyramid of Corporate Social Responsibility



(Ferrell & Ferrel, 2009, p. 11; Carroll & Buchholtz, 2006, p. 39 - adapted)

The above “pyramid” of corporate social responsibility (schematic representation 3.5) begins with the foundation of a business’s economic responsibility and builds up to the philanthropic responsibility of contributing resources to the community (Carroll & Buchholtz, 2006, p. 39; Ferrell & Ferrell, 2009, p. 11). According to Carroll and Buchholtz (2006, p. 40) another way in which to express the above, is by means of an equation, as illustrated in schematic representation 3.6:

Schematic representation 3.6: Total Corporate Social Responsibility in equation form



(Source: Carroll & Buchholtz, 2006, p. 40 - adapted)

How seriously a business regards its corporate social responsibility - thus whether it is operated in an ethically responsible manner or in a short-sighted, profit-greedy manner - affects many stakeholders (refer to section 3.4.2.6 for further elaboration on stakeholders). Corporate social responsibility also forms the basis for triple bottom-line reporting and plays an increasingly important role in the integrated annual report of organisations, which will subsequently be discussed (section 3.4.2.5).

3.4.2.5 TRIPLE BOTTOM-LINE REPORTING

“A business that makes nothing but money is a poor kind of business.”

Henry Ford

According to the principles of good corporate governance and King III, an entity's management should account to the stakeholders of the entity, on the entity's triple-bottom line performance, as opposed to only its single bottom-line performance. The triple bottom-line consists of taking into account economic/financial, social and environmental aspects, as opposed to just the traditional “single bottom-line” (being the “profit at all costs” approach). The King III Report (IoDSA, 2009) also refers to the above as the so-called “three Ps”, namely profit (the financial aspect), people (the social aspect) and planet (the environmental aspect) (also refer to section 3.4.2.4 on corporate social responsibility for more on this topic). The elements of triple bottom-line reporting are further exemplified in schematic representation 3.7:

Schematic representation 3.7: The elements of triple bottom-line reporting



(Source: own diagram)

Triple bottom-line reporting should lead to greater transparency towards stakeholders regarding how well management has a.) performed its role as stewards of the entity's assets, b.) governed the entity's operations regarding its social and environmental impact and c.) fulfilled their corporate social responsibility. Triple bottom line reporting should also sketch a holistic picture of how, for instance, the present economic climate and industry related occurrences (such as large scale strikes or demands set by labour unions regarding wage increases) affect the national/international economy, the industry and the specific entity.

In the past, it was only expected of entities to report on their single bottom line, i.e. the financial performance of the entity. This was usually done by means of publishing the annual financial statements of the entity. However, to report on triple bottom line concepts, merely publishing the financial statements is insufficient since it lacks information regarding, amongst others, both the positive and negative impact the entity has had on society and the natural environment. Integrated reporting is needed to adequately report on this and all other relevant above mentioned issues.

Except for including the annual financial statements, an integrated report (in the case of a listed company) should also consist of e.g. a sustainable development report, a report on the company's strategy, the audit committee report, the directors' report and the remuneration report. (Also see the King III report, chapter 9 on integrated reporting (IoDSA, 2009, pp. 107-111)).

3.4.2.6 STAKEHOLDERS

"Always do right - this will gratify some and astonish the rest."

Mark Twain

A stakeholder of an entity is an individual or a group that affects or is affected by how the entity is operated. In past eras, entities were operated on a day-to-day basis by the same person(s) who owned the entity. However as the factory began replacing the home as the principal place of work, organisations' sizes expanded to the extent that they required managers (who were not members of the founding families or principal shareholders) to be appointed and the eventual establishment of limited liability companies during the mid-nineteenth century (refer to sections 2.3.3 and 3.1 for more information on the above) (Lovell, 2005, p. 1). Limited liability companies resulted in:

a.) The split between management and ownership/shareholders.

- Companies are owned by "absentee owners" (shareholders) who invests capital to finance the company, but who do not manage the company on a day-to-day basis. The shareholders appoint management (the executive board of directors) who acts as stewards of the shareholders' money and other interests; and

b.) A possible conflict of interest, e.g. a member of management seeking to maximize self-interest (such as to spend excessive funds on personal benefits) at the expense of shareholders' interest.

A company's shareholders and management are not the only parties who are affected by how a company is operated. As mentioned in the first sentence of this section, "stakeholders" is a concept that includes all the parties who affect, or are affected by how a business is operated – whether it is managed in an ethically responsible manner or in a short-sighted, profit-greedy manner. Stakeholders of a company include, among others, shareholders, employees, suppliers, clients, debtors, creditors and government, (especially due to tax having to be paid over to government). Different stakeholders have different levels of interest in and influence on companies. If the different levels of interest and influence are simplified to either "high" or "low", stakeholders can be divided into four groups as illustrated in tabel 3.3:

Table 3.3: The combination of stakeholder interest and influence

Interest ↑	HIGH	a.)	b.)
	LOW	c.)	d.)
		LOW	HIGH
		Influence →	

(Source: Bowie & Schneider, 2011, p. 168 - adapted)

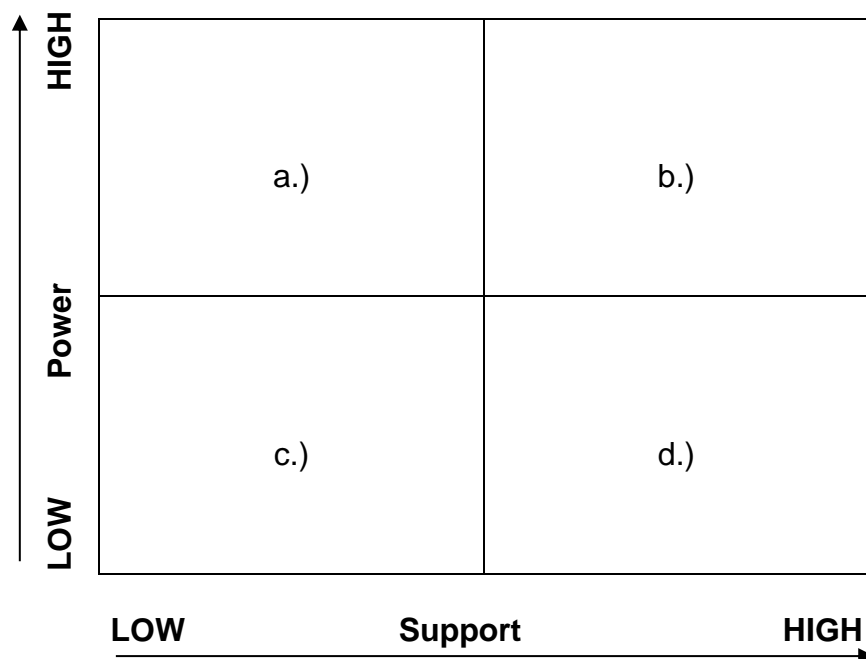
Subsequently, the characteristics of stakeholders according to categories a.) to d.), (with regards to table 3.3), will be discussed:

- a.) The stakeholders of group a.) have a high interest in a company, but exercises only a limited influence on the company.
- b.) The stakeholders of group b.) are the most important stakeholders of a company (according to this categorisation), since these stakeholders have a high interest in as well as major influence on a company.
- c.) The stakeholders of group c.) are the least important stakeholders of a company, since these stakeholders have a limited interest in, and only exercise limited influence on a company.
- d.) The stakeholders of group d.) have limited interest in a company, but exercises major influence on the company.

The above technique whereby important attributes (such as interest and influence) are assigned to stakeholder groups as either “low” or “high”, is called “stakeholder mapping” (Bowie & Schneider, 2011, p. 168). According to Bowie & Schneider (2011, p. 168) stakeholder mapping offers *“a company a more objective measure of the various claims of its stakeholders so that it can more accurately decide which stakeholder claims are the most important”*.

A similar classification as in table 3.3 can be performed if stakeholder “interest” and “influence” are replaced by e.g. “power” and “support”. Different stakeholders have different levels of power over a company and provide different levels of support to a company. If the different levels of power and support are simplified to either “high” or “low”, stakeholders can be divided into four groups as illustrated in table 3.4:

Table 3.4: The combination of stakeholder power and support



(Source: Bowie & Schneider, 2011, p. 169 - adapted)

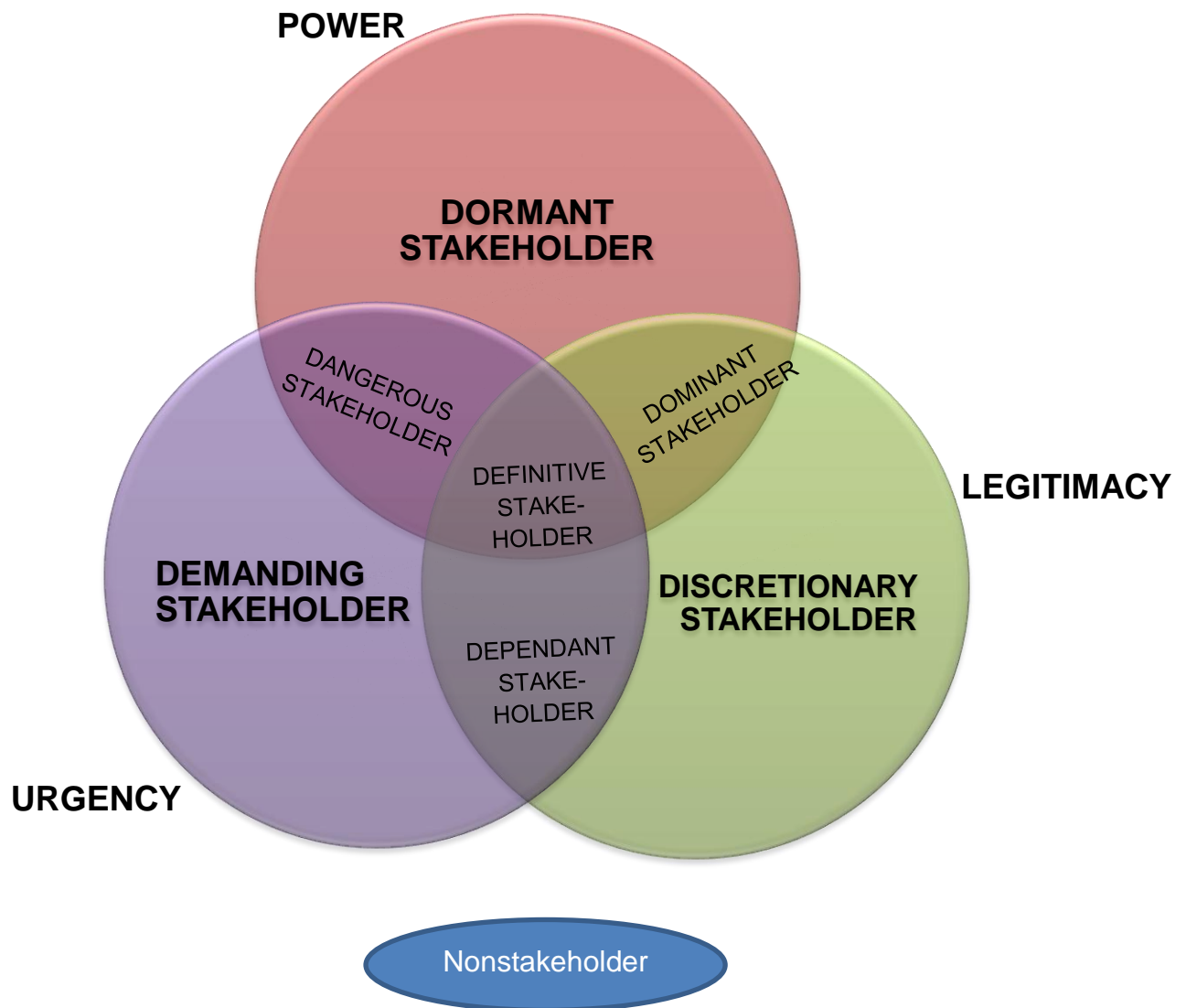
- a.) The stakeholders of group a.) have strong power over a company, but only provide limited support to the company. This group of stakeholders ought to be a high priority to a company and a company should attempt to raise the support of these stakeholders.
- b.) The stakeholders of group b.) are the most important stakeholders of a company (according to this categorisation), since these stakeholders has strong power over a company, as well as providing a high level of support to the company.
- c.) The stakeholders of group c.) are the least important stakeholders of a company, since these stakeholders have little power over a company and only provides a little support to a company.
- d.) The stakeholders of group d.) have little power over a company, but provides a lot of support to a company and should thus be shown consideration by a company.

According to Carroll & Buchholtz (2006, pp. 71, 72), a further grouping of stakeholders can also be performed according to the following three aspects:

- a.) “power”, which *“refers to the [stakeholder’s] ability or capacity to produce an effect [on the company]”*;
- b.) “legitimacy”, which *“refers to the perceived validity or appropriateness of a stakeholder’s claim to a stake”*; and
- c.) “urgency”, which *“refers to the degree to which the stakeholder claim on the business calls for the business’s immediate attention or response.”*

The grouping en management of stakeholders can also be categorised in terms of “power”, “legitimacy” and “urgency” (see schematic representation 3.8) according to Carroll and Buchholtz (2006, p. 72). This model indicates how the interaction between the three aspects overlaps and how this can be used by companies in their ethical decision-making processes.

Schematic representation 3.8: Stakeholder Typology - One, Two, or Three Attributes Present



(Source: Carroll & Buchholtz, 2006, p. 72 - adapted)

3.4.2.7 ETHICAL LEADERSHIP

“The best example of leadership is leadership by example.”

Jerry McClain

The first chapter of the King III report begins with the words “[e]thical leadership”. Thus, it is clear that ethical leadership plays a vital role in the success of any enterprise, be it the running of business or a country. In the case of a company, the leaders include the board of directors and the employees in management positions. They are in the position to exercise influence on different aspects regarding the manner in which an entity is operated, due to the power vested in them.

A person in a leadership position cannot choose whether or not to be a role model, as is illustrated by the following quote that appeared in Landman (2006, p. 46): “Basketball superstar, Charles Barkley, in Sports Illustrated: ‘*I’m not paid to be a role model.*’ Dream team teammate, Karl Malone: ‘*Charles, you can deny being a role model all you want, but I don’t think it’s your decision to make. We don’t choose to be role models, we’re chosen. Our only choice is whether to be a good role model or a bad one.*”

It is crucial that persons in leadership positions are dedicated to running a company in an ethical manner, since the ethical “corporate culture”⁵⁶ is largely created by them and they set an example for all the other employees and persons involved in the entity. Thus persons in leadership positions “set the tone at the top” by means of the example of good ethical conduct they set. If persons in positions of leadership act in an unethical manner, it is very unlikely that the other employees would act ethically and that the entity as a whole would be seen as ethical.

⁵⁶ According to Ferrell and Ferrell (2009) “corporate culture” is “*the mix of values, norms, behaviours, and artifacts (tangible signs) that help define an organisation’s character.*”

Most ethical leaders have certain characteristics in common. These characteristics include the following, according to Ferrell and Ferrell (2009, p. 47):

- Ethical leaders have strong personal character; they endorse robust principles that allow them to define a path and lead others along it.
- Ethical leaders have a passion to do right – for their customers and their employees. Of course, they are not infallible but they do necessarily begin with the right intentions.
- Ethical leaders recognize that good ethics are good for performance and lead to a healthy bottom line.
- Ethical leaders are proactive – they do not just follow policies but make and shape them. This often requires courage – for example, when proposing an unpopular new direction.
- Ethical leaders consider stakeholders' interests. They build trust across the board and profit from the loyalty that this inspires.
- Ethical leaders are positive role models in and out of the workplace. They match their talk about values with visible actions that demonstrate respect.

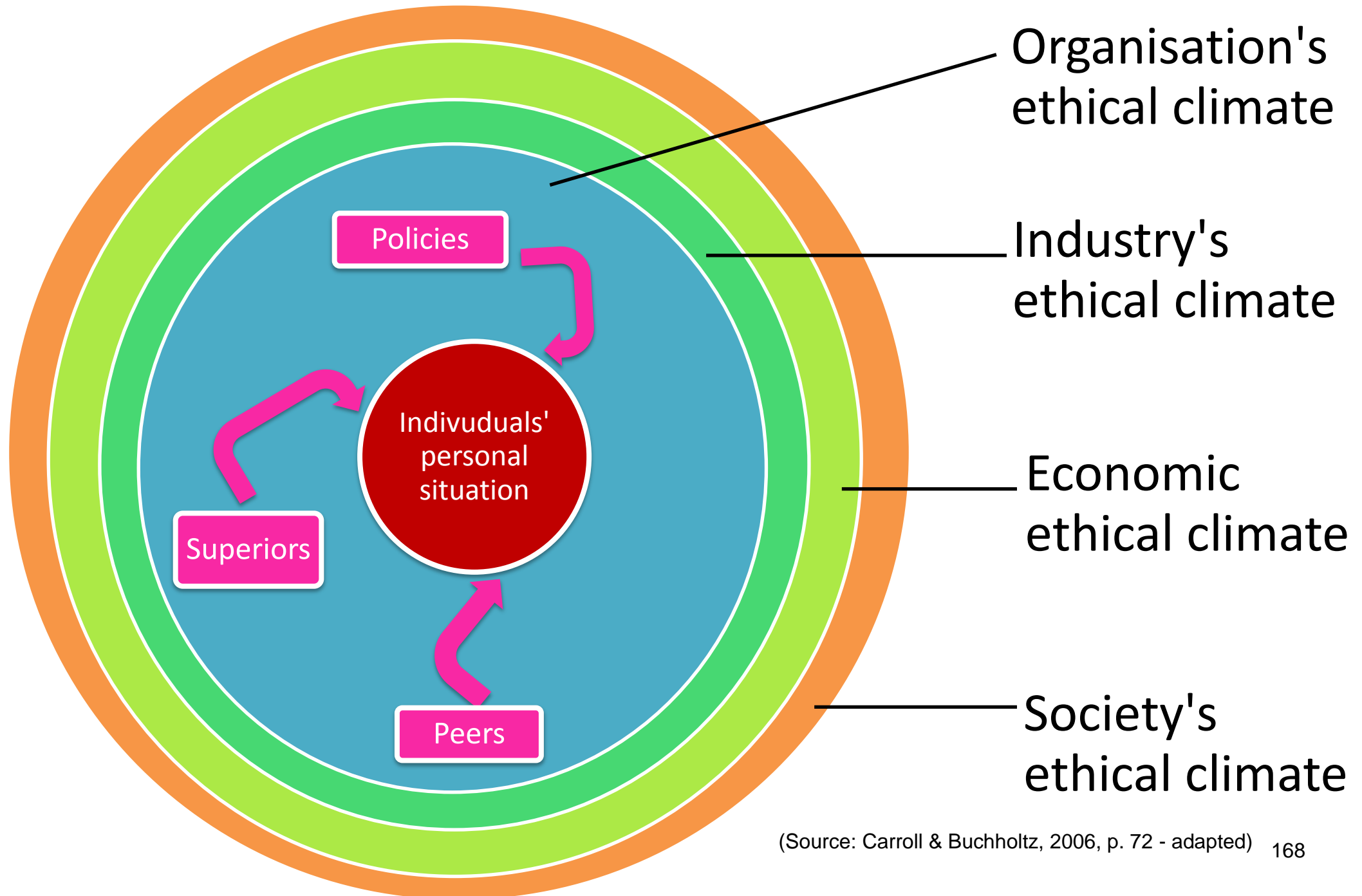
3.4.2.8 FACTORS AFFECTING THE ETHICAL CONDUCT OF EMPLOYEES

*“In this world everything changes except good deeds and bad deeds;
these follow you as the shadow follows the body.”*

Unknown

The influence of persons in leadership positions (as discussed above in section 3.4.3.7), is not the only factor that has an effect on the ethical conduct of employees. In schematic representation 3.9, it can be seen that “superiors” (persons in leadership position) is but one of a wide range of factors that influence the ethical conduct of employees:

Schematic representation 3.9: Factors affecting the ethical conduct of employees



(Source: Carroll & Buchholtz, 2006, p. 72 - adapted) 168

The other factors that have the most “direct” influence on an employee are an entity’s policies (such as a code of conduct) and the manner in which those policies are carried through, as well as the ethical norms and values prevalent with the employee’s “peers”/fellow employees (which the employee would probably regard as a benchmark of acceptable conduct). The synergy between, among others, the three elements (“superiors”, “policies” and “peers”) forms the organisation as a whole’s ethical climate, which also influences the individual employee’s ethical conduct.

Factors that have a less direct influence on the employee (in descending order of influence) are the ethical culture/climate of the industry within which the relevant organisation operate, the ethical culture/climate prevalent in the local, national and international economy within which the organisation operates and, lastly, the ethical culture/climate of the local, national and international society within which the organisation operates.

3.4.2.9 THE RELATIONSHIP BETWEEN ORGANISATIONAL ETHICS AND PERSONAL ETHICS

“The higher the buildings, the lower the morals.”

Noel Coward

As mentioned above in section 3.4.2.8, the synergy between among others, persons in leadership positions (“superiors”), the individual employees (“peers”) and the policies of an organisation forms the organisation as a whole’s ethical culture, which also influences the individual employee’s ethical conduct. Thus, the ethical conduct of individuals within an organisation (whether they are employees or persons in leadership/management positions) and the organisation’s ethical climate have a reciprocal influence on each other.

Just as an individual within an organisation's ethical conduct can be seen as "good" or "bad", the ethical culture of an organisation can also be seen as either "good" or "bad". To illustrate the relationship between personal ethics (the "good" or "bad" ethical conduct of an individual within an organisation) and organisational ethics (the "good" or "bad" ethical culture of an organisation), a comparison can be used. An individual within an organisation can be likened to an apple and the organisation within which the individual operates can be likened to a barrel in which the apple is stored. The combination between "good" or "bad" apple and "good" or "bad" barrel leads to specific situations (refer to table 3.5).

Table 3.5: The relationship between organisational ethics and personal ethics

	Good barrels	Bad barrels
Good apples	a.)	b.)
Bad apples	c.)	d.)

(Rossouw & Van Vuuren, 2010, p. 9; Rossouw, et al., 2010, p. 23)

Subsequently, situation a.) to d.) (with regards to table 3.5) will be described:

- a.) This is the ideal situation where both the individual ("apple") and the organisation ("barrel") are ethical ("healthy" and "hygienic").
- b.) In this situation, despite the individual ("apple") within the organisation acting in an ethical manner, the organisation's ethical culture ("barrel") is "bad", which may eventually "contaminate" the ethical individual. A very slight chance does, however, exist that the ethical individual may "cure" the unethical organisation through the individual's example of good conduct. It is, however, more likely that the organisation will have a negative influence on the individual, than the individual having a positive influence on the organisation. Thus, in this scenario, it

would probably be better for the individual to resign and dissociate himself from the organisation.

- c.) Despite the organisation's ethical culture ("barrel") being good, the individual ("apple") within the organisation is acting in an unethical manner, which may eventually "contaminate" the ethical organisation. The possibility does, however, exist that the ethical organisation may prevent the unethical individual from acting unethically due to the organisation's intolerance of unethical behaviour. However, if this does not prevent the individual from acting unethically, it would probably be better for the organisation to dissociate itself from the individual (by dismissing the individual in a legal manner, if his actions justify dismissal).
- d.) This is the worst situation where both the individual ("apple") and the organisation ("barrel") are unethical.

Factors that have a less direct influence on the employee than the organisation's ethical culture namely the industry, economy and society's culture (as described in section 3.4.2.8) can be equated to a warehouse, in which the barrels are stored (Rossouw & Van Vuuren, 2010, p. 8). Just as the "barrels", the "warehouse" can also be ethical ("good") or unethical ("bad"), with a reciprocal influence on the "barrels".

3.4.2.10 PROMOTING AND IMPROVING AN ORGANISATION'S ETHICAL CULTURE

"Ethics and religion must not stay at home when we go to work."

Achille Silvestrini

The owners and management of an organisation can take certain measures to prevent "the barrel going bad" and to promote and improve the organisation's ethical culture. Following, is firstly a table (table 3.6) that compares effective actions with ineffective actions that owners and managers can take to promote ethics in an organisation, followed by seven steps to follow to implement and run an effective

ethics programme, and lastly schematic representation 3.10 of practices owners and managers can implement to improve an organisation's ethical culture.

Table 3.6: Effective versus ineffective means of promoting ethics in an organisation

EFFECTIVE	INEFFECTIVE
Establishing solid and specific ethical standards for business to follow	Establishing vague ethical standards that may be hard to interpret
Creating a comfortable ethical environment for employees	Failing to familiarize employees with standards specific to the industry
Providing training in organizational ethics for all employees	Limiting organizational ethics training to certain employees
Making one's ethics systems known to consumers	Assuming that employees will always apply one's ethical standards

(Ferrell & Ferrell, 2009, p. 15 - adapted)

Just as is the case for many other aspects of operating a business, ethics should also be managed properly. The term ethics is a comprehensive concept and managing ethics consists of various facets. According to Ferrell and Ferrell (2009, p. 43), the following seven steps represents a brief summary of an effective ethics programme:

1. Assessing risks and putting in place standards and codes of ethical conduct.
2. Providing high-level managerial oversight to ensure compliance with these standards (for example, the appointment of a dedicated ethics officer).
3. Taking due care not to place individuals with a propensity to engage in misconduct in a position of an authority where they can influence others.

4. Using training programmes to communicate the agreed standards to all employees.
5. Establishing systems to monitor conduct and allow employees to report abuses.
6. Enforcing standards, rewards, and punishments consistently across the company.
7. Constantly reviewing the system, and taking steps to revise and improve the way it works.

Carroll and Buchholtz (2006, p. 233) also contends with the above and by means of a schematic representation indicate eleven actions that play a role in the implementation and maintenance of an entity's ethical culture. The imperative role that management and directors play in the implementation and maintenance of an entity's ethical culture is emphasised by the sections of the radial, converging in the midpoint named "top management leadership".

Schematic representation 3.10: Practices owners and managers can implement to improve an organisation's ethical culture



(Carroll & Buchholtz, 2006, p. 233 - adapted)

3.4.2.11 WHISTLE-BLOWING

"In keeping silent about evil, in burying it so deep within us that no sign of it appears on the surface, we are implanting it, and it will rise up a thousandfold in the future. When we neither punish nor reproach evildoers... we are ripping the foundations of justice from beneath new generations."

Alexander Solzhehnitsyn

To “blow the whistle” means to report illegal practices (or practices that are not in line with the organisations code of conduct). In the case an organisation, the person blowing the whistle is usually an “insider” (a person closely associated with the organisation), e.g. an employee or manager, that are aware of these practices and decides to report it.

It is often very difficult for persons to bring to light possible misdeeds of others. It may be inherent to the “uninvolved” mentality of society. It is easier for people not to get involved in situations that may involve complications, such as for instance housebreaks and accidents. Also, the danger involved in, for instance, exposing syndicate activities discourages people to get involved. If the governing framework in a country is strong and effective, it may create a meaningful, safe alternative to silence for a potential whistle-blower (Martin, 2010, p. 5).

“Whistle-blowing” mechanisms is also one of the practices that owners/managers can implement to improve an organisation’s governance and ethical culture as mentioned in schematic representation 3.10. The main motive behind blowing the whistle should be to act in the best interest of both the entity/institution and the public (refer to schematic representation 3.11 on traditional versus emerging views of employee responsibility in a potential whistle-blowing situation).

The public usually becomes aware of the accusations/crimes perpetrated by means of media reports on whistle-blowing cases. Determining whether or not to blow the whistle would be in the best interest of all involved parties may be a complicated matter. This is clearly illustrated in the respective controversial international and national cases of the media organization Wikileaks and its founder, Julian Assange, which are stirring international debate on media freedom, transparency, whistleblowing and the beneficial versus the harmful effects of disclosing confidential information, as well as the proposed South African Protection of State Information Bill (refer to section 1.3.5 for further a discussion on these cases) (Hood, 2011, p. 635; Fenster, 2011, p. ii).

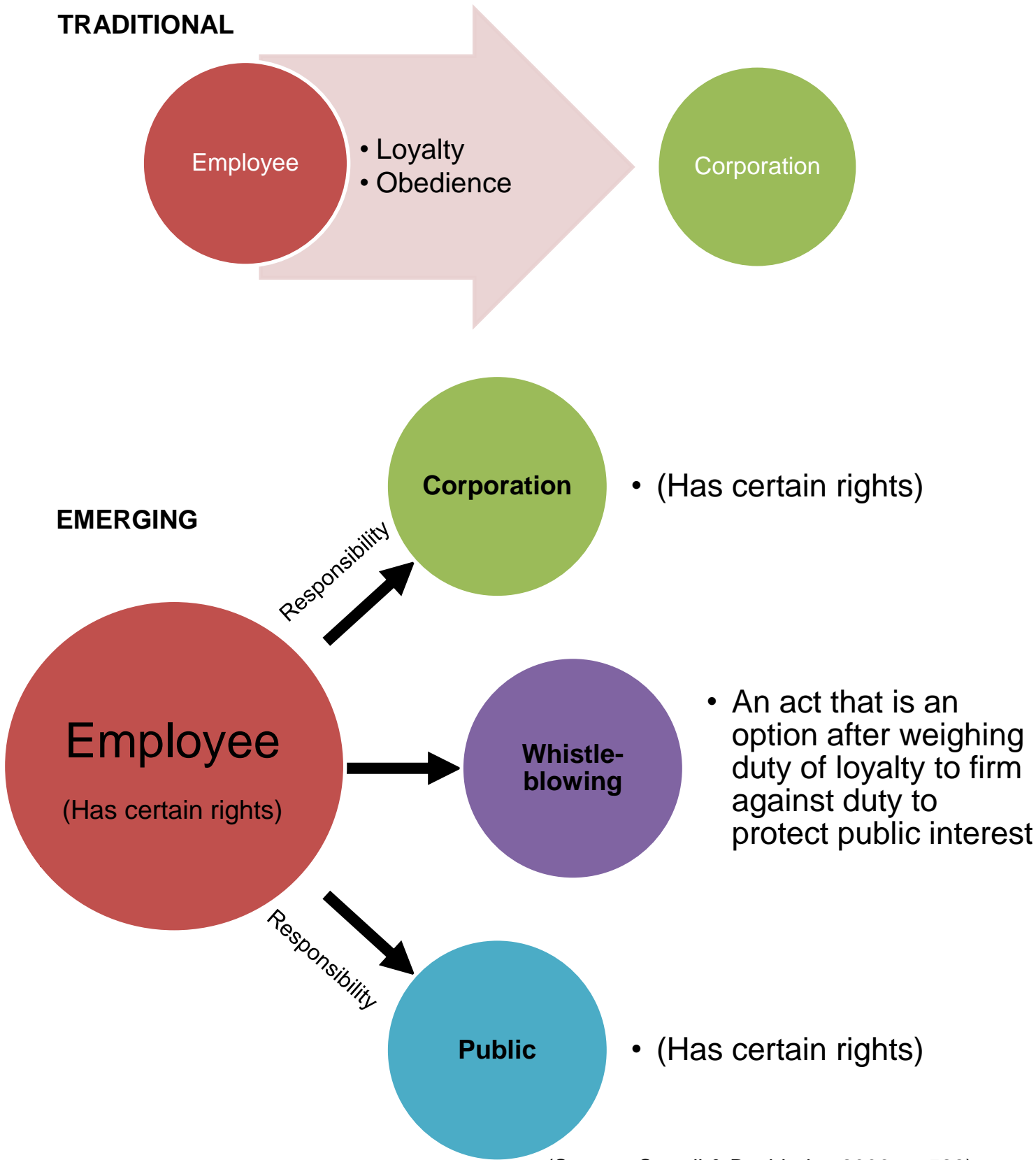
Blowing the whistle may lead to detrimental consequences for the whistle-blower. This is one of the reasons the potential whistle blower should first carefully overthink and consider whether blowing the whistle is the “right” and “best” thing to do. A checklist to follow before blowing the whistle, according to Carroll and Buchholtz (2006, p. 523 - adapted), is subsequently provided:

1. Is there any alternative to blowing the whistle? Make sure you have tried to remedy the problem by reporting up the normal chain of command and have had no success.
2. Does the proposed disclosure advance public interest rather than personal or political gain? Do not act out of frustration or because you feel mistreated.
3. Have you thought about the outcomes of blowing the whistle for yourself and your family? Be prepared for the possibility of disapproval from friends, family and fellow workers.
4. Have you identified the source of support both inside and outside the organization on which you can rely during the process? Make sure you know your legal rights and have enlisted the help of others.
5. Do you have enough evidence to support your claim? Even more evidence is needed if you plan to remain anonymous.

6. Have you identified and copied all supporting records before drawing suspicion to your concerns? Remember to keep a factual log both before and after blowing the whistle.

An uninformed whistle-blower may even endanger his own life or, for instance, be accused of defamation or unprofessional conduct. In light of the above it is necessary that the curriculum on business ethics devotes a degree of attention to whistle-blowing. Against this background, schematic representation 3.11 focuses especially on the responsibilities and rights of a whistle-blower.

Schematic representation 3.11: Two Views of Employee Responsibility in a potential Whistle-Blowing Situation



(Source: Carroll & Buchholtz, 2006, p. 522)

3.4.2.12 ENVIRONMENTAL AND SUSTAINABILITY ISSUES

“Balance is... the duty to weigh up the consequences of decisions on all those who will be affected by them and hold the scales between the demands of today and the needs of tomorrow.”

Sir Adrian Cadbury

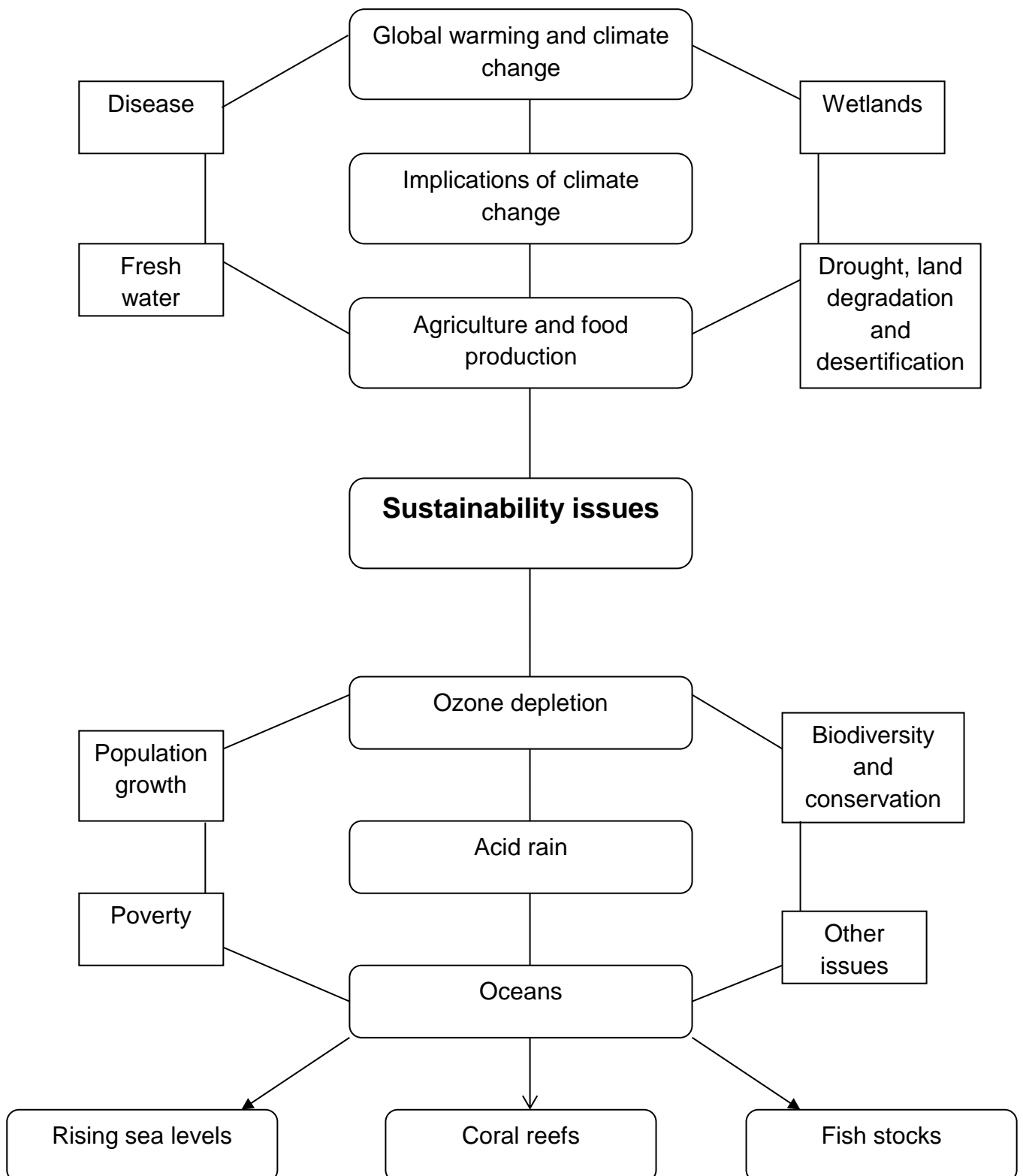
Consumerism, rising living standards, a global culture of “instant gratification” and an increase in the world population are all contributing factors that have put immense pressure on the earth’s natural resources since the twentieth century. During the last few decades, public discourse on conservation and sustainable development, increased in proportion to the seriousness of problems such as global warming (refer to schematic representation 3.12 for examples of similar problems). However, many people and organisations (especially the worst culprits contributing to such problems) initially denied the existence of relationships between occurrences such as global warming/climate change and exploitative actions - such as increasing greenhouse gas emissions. An environmental matter that has been heavily debated in South Africa for the last few years is the possible exploiting of shale gas in the Karoo by means of hydraulic fracturing, commonly known as “fracking” (refer to section 1.6.1 for more information on this topic).

One of the three elements that an entity should report on, according to the principle of triple bottom-line reporting (refer to section 3.4.2.5) is the environmental (“planet”) aspect. Integrated reporting is needed to adequately report on this matter adequately and the integrated report can e.g. include a sustainable development report. Triple-bottom line reporting, with regards to the environmental aspect, should lead to greater transparency towards the entity’s stakeholders regarding how well management has a.) performed its role as stewards of the earth’s natural resources, b.) governed the entity’s operations regarding its environmental impact and c.) fulfilled its corporate social responsibility.

Part of an entity's corporate social responsibility (refer to section 3.4.2.4) is to comply with legal and ethical requirements regarding environmental issues. Entities should keep in mind that many "stakeholders" (refer to section 3.4.2.6) are affected by whether a business is operated and managed in an environmentally ethical, responsible manner or in a short-sighted, environmentally exploitative, profit-greedy manner.

Subsequently, a number of sustainability issues, as presented in the authoritative SAICA publication, *Green*, (Terry, 2008, p. 23) are outlined in schematic representation 3.12:

Schematic representation 3.12: Environmental sustainability issues



(Source: Terry, 2008, p. 23)

3.4.2.13 CREATIVE ACCOUNTING, EARNINGS MANAGEMENT AND THE FINANCIAL NUMBERS GAME

“Enron is a company that deals with everyone with absolute integrity. We play by all the rules; we stand by our word. We want people to leave a transaction with Enron thinking that they’ve been dealt with in the highest possible way as far as integrity and truthfulness.”

Kenneth Lay

In a business ethics course, emphasis should be placed on “ethical conduct” and “unethical conduct” - such as corruption, fraud, bribery and theft, which are often used as points of discussion to make students aware of the hard, “real world” business environment of which they may find themselves a part of in the future. Although forensic auditing plays an important role in the world of accountants and auditors, explicit examples of how, for example, creative accounting and earnings management are committed, does not form part of the university education of CAs(SA). In auditing courses, normally only the responsibilities and standards regarding fraud and risks posed by fraud, are dealt with. Since forensic auditing is very closely related to business ethics (especially regarding accountants and auditors) it may be appropriate to briefly touch on aspects such as creative accounting and earnings management in the syllabus. Following, is a number of examples on potential earnings management techniques/activities, as according to Mulford & Comiskey (2002, p. 65) which may be included in the course:

1. Changing depreciation methods, (e.g., accelerated to straight-line).
2. Changing the useful lives used for depreciation purposes.
3. Changing estimates of salvage value used for depreciation purposes.
4. Determining the allowance required for uncollectible accounts or loans receivable.

5. Determining the allowance required for warranty obligations.
6. Deciding on the valuation allowance required for deferred tax assets.
7. Determining the presence of impaired assets and any necessary loss accrual.
8. Estimating the stage of completion of percentage-of-completion contracts.
9. Estimating the likelihood of realization of contract claims.
10. Estimating write-downs required for certain investments.
11. Estimating the amount of restructuring accrual.
12. Judging the need for and the amount of inventory write-downs.
13. Estimating environmental obligation accruals.
14. Making or changing pension actuarial assumptions.
15. Determining the portion of the price of a purchase transaction to be assigned to acquire in-process research and development.
16. Determining or changing the amortization periods for intangibles.
17. Deciding the extent to which various costs such as landfill development, direct-response advertising, and software development should be capitalized.
18. Deciding on the proper hedge-classification of a financial derivative.
19. Determining whether an investment permits the exercise of significant influence over the investee company.
20. Deciding whether a decline in the market value of an investment is other than temporary.

3.4.2.14 CODES OF CONDUCT

“The Earth has enough for everyone’s need, but not enough for everyone’s greed.”

Mahatma Gandhi

One of the effective means of promoting the ethical culture in an organisation that is mentioned under section 3.4.2.10 is establishing solid and specific ethical standards for a business to follow. A good way to do this is to develop and implement a code of conduct for the organisation (as is mentioned in “seven steps of an effective ethics programme” and schematic representation 3.10 titled “practices owners and managers can implement to improve an organisation’s ethical culture”).

Following is a list of topics that are frequently addressed in codes of conduct (as according to Carroll and Buchholtz (2006, p. 243)):

1. Conflicts of interest
2. Receiving gifts, gratuities, entertainment
3. Protecting company proprietary information
4. Giving gifts, gratuities, entertainment
5. Discrimination
6. Sexual harassment
7. Kickbacks
8. General conduct
9. Employee theft
10. Proper use of company assets

Many times in this study, reference is made to the influence that aspects such as culture, tradition and religious convictions can have on a person’s ethical views. One of the aspects that often forms part of ethical codes, as set out above in the topics provided by Carroll and Buchholtz (2006, p. 243), is the giving and receiving of gifts.

The following is a brief summary of four different regions' views on giving and receiving gifts, as according to Ferrell and Ferrell (2009, p. 17):

Table 3.7: Different cultural attitudes toward gift giving

Region	Attitude
Latin America	Gifts should be given during social encounters, not in the course of business.
China	Gifts should be presented privately, with the exception of collective ceremonial gifts at banquets.
Europe	Do not risk the impression of bribery by spending too much on a gift.
Arab World	Do not give a gift when you first meet someone; it may be interpreted as a bribe.

(Ferrell & Ferrell, 2009, p. 17 - adapted)

To receive a gift of a significant nature and/or value, offered with the intent to bribe, poses a definitive threat to a business's integrity (Marx, et al., 2011, p. 3-28). However, one should also be able to make a distinction between a bribe and a gift presented as a courtesy in the normal course of business. To decline the latter can be seen as very offensive, especially in certain cultures.

The receiving of "gifts and hospitality" is also addressed in SAICA's Code of Professional Conduct for members of the chartered accountancy profession in South Africa, since the bribing of auditors and accountants to "overlook" or "hide" fraud is a serious matter (Marx, et al., 2011, p. 3-28).

Above the giving of gifts was briefly referred to with regard to the “culture” of four world regions. Gifts are only one of the aspects that should be included in an ethical code (see the frequently addressed topics in codes of conduct above, as according to Carroll and Buchholtz, 2006, p. 243). Each one of the other topics, such as conflicts of interest, sexual harassment and kickbacks can, similarly to gifts, be used as examples in the curriculum.

As previously stated in the chapter, ethics in an entity has to be managed. In the case of ethical codes that form part of a greater “ethical management system”, such codes can be applied to have a positive influence on the ethical behaviour within an organisation as stated below, according to Carroll and Buchholtz (2006, pp. 243, 244):

1. As a *rule book*, the code acts to clarify what behaviour is expected of employees.
2. As a *signpost*, the code can lead employees to consult other individuals or corporate policies to determine the appropriateness of behaviour.
3. As a *mirror*, the code provides employees with a chance to conform whether their behaviour is acceptable to the company.
4. As a *magnifying glass*, the code suggests a note of caution to be more careful or engage in greater reflection before acting.
5. As a *shield*, the code acts in a manner that allows employees to better challenge and resist unethical requests.
6. As a *smoke detector*, the code leads employees to contact the appropriate authority and report violations.
7. As a *club*, the potential enforcement of the code causes employees to comply with the code’s provisions.

3.4.2.15 INTERNATIONAL TRADE

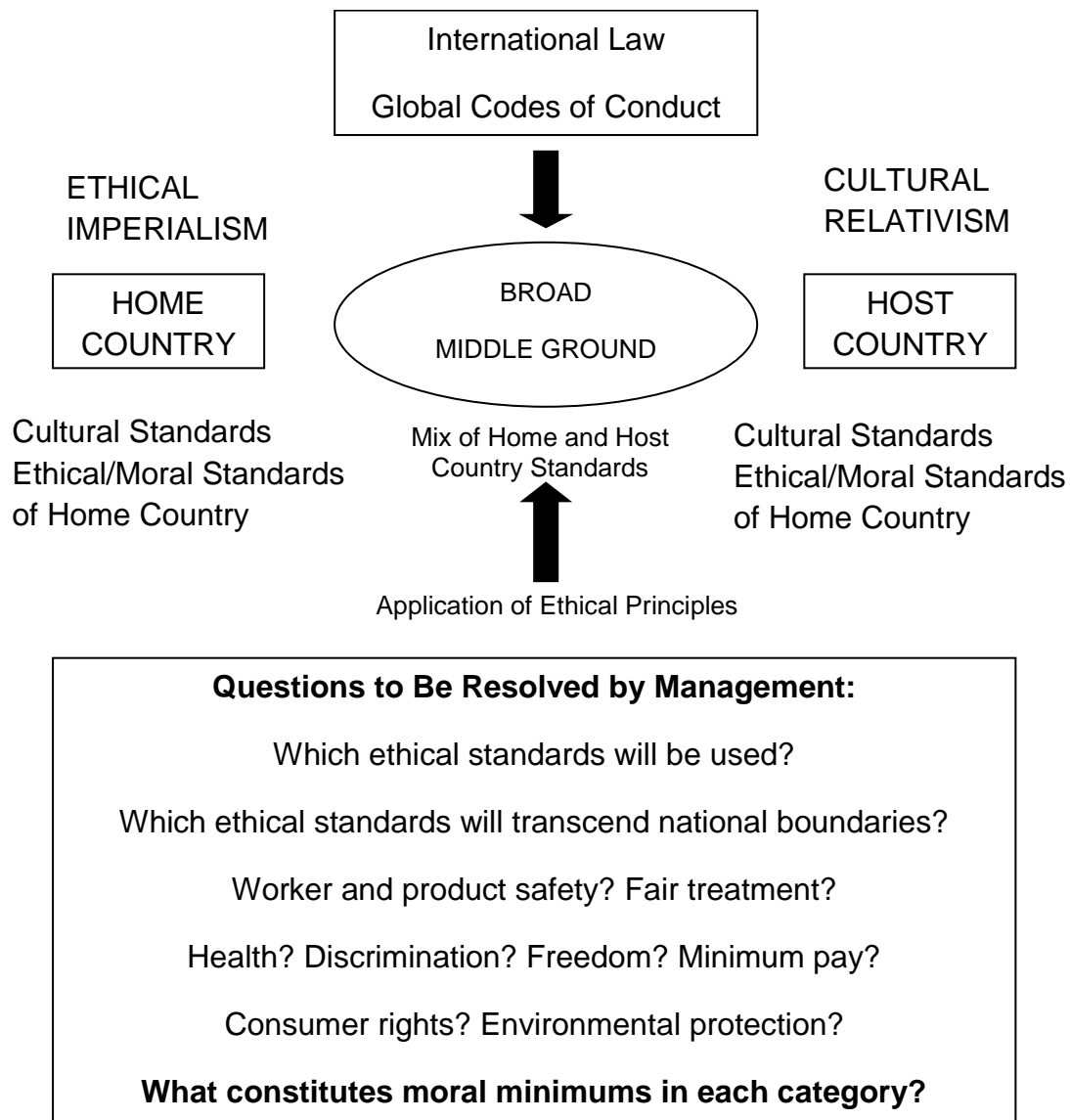
“At the descriptive level, certainly, you would expect different cultures to develop different sorts of ethics and obviously they have; that doesn't mean that you can't think of overarching ethical principles you would want people to follow in all kinds of places”.

Peter Singer

Globalisation, international trade and cross-country/-continental business relations are ever-increasingly prevalent due to, amongst others, technological progress. As a result of differences, in amongst others legislation, codes of conduct and the culture of businesses that are located in different regions, what is regarded as ethical may vary from business to business. If a business participates in international trade, it is important that an ethical “middle ground” be found and that the conduct of the business remains within bounds of what is regarded as ethically acceptable and legal in all countries involved. Unethical conduct in one country can lead to disastrous consequences for an entity that operates in multiple countries. Probably one of the most well-known examples is the unethical conduct of a few of the American partners of the former “big five” audit firm Arthur Andersen (refer to section 1.1 for more detail on the Enron scandal) of which the consequences soon spread and led to the demise of the firm. (Refer to sections 1.2.1, 1.2.3, 1.2.7, 1.2.8 and 1.2.9 for examples of recent cases of unethical conduct that has had international repercussions for the respective entities involved.)

Following is a schematic representation (3.13) of ethical choices in home versus host country situations, as according to Carroll & Buchholtz (2006, p. 319):

Schematic representation 3.13: Ethical Choices in Home Versus Host Country Situations



(Source - Carroll & Buchholtz, 2006, p. 319 - adapted)

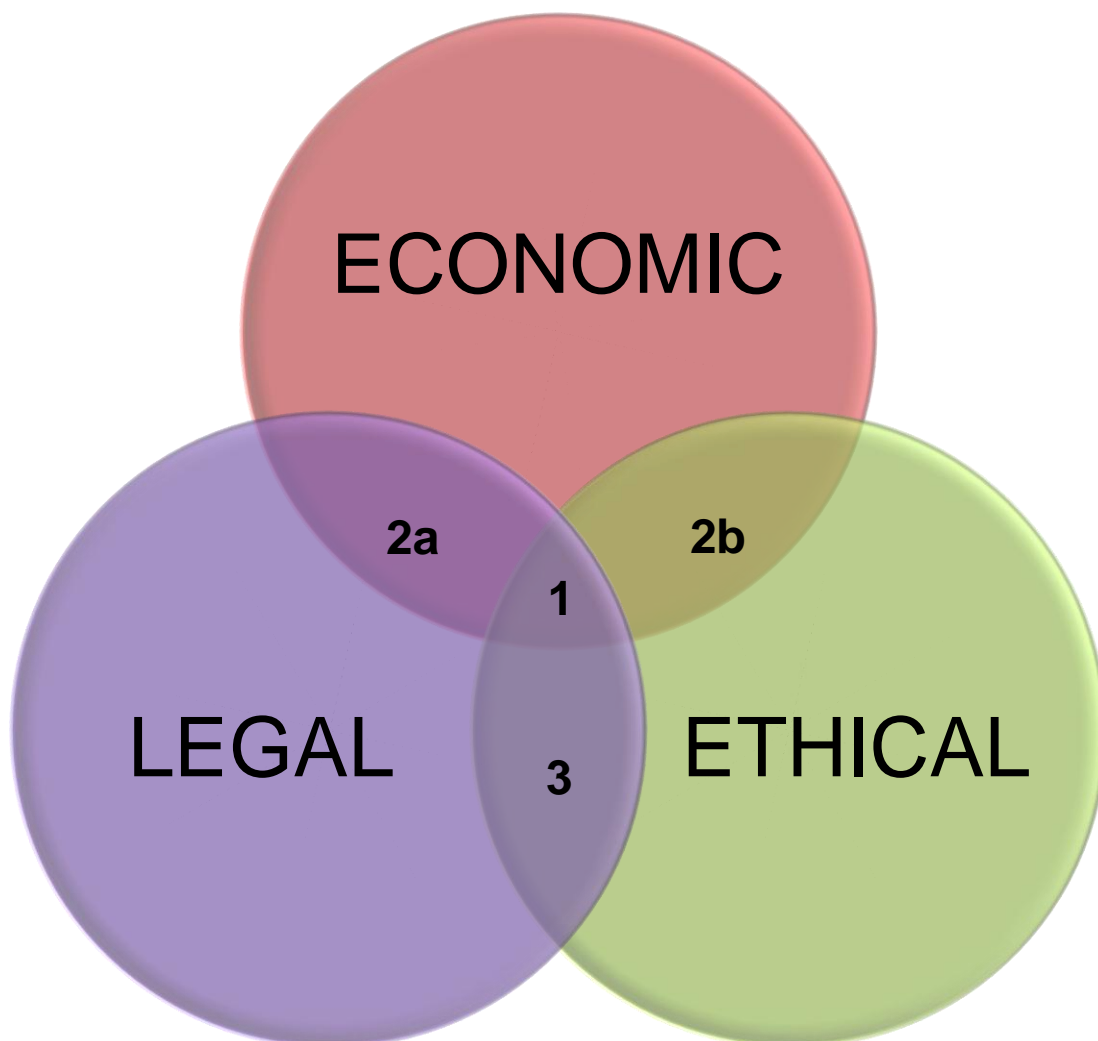
3.4.2.16 ETHICAL DECISION-MAKING

“No good decision was ever made in a swivel chair.”

George S. Patton

Various factors play a role in a “business decision”. For the purposes of this study the three most important aspects that have to be considered in a “business decision” are economic matters, legal matters and ethical matters (see schematic representation 3.14). Simplistically stated the three aspects ought to intersect/”harmonise” as far as possible in the schematic representation.

Schematic representation 3.14: Ethical decision-making



Area 1 - Profitable, legal, ethical: Go for it!

Area 2a - Profitable and legal: Proceed cautiously.

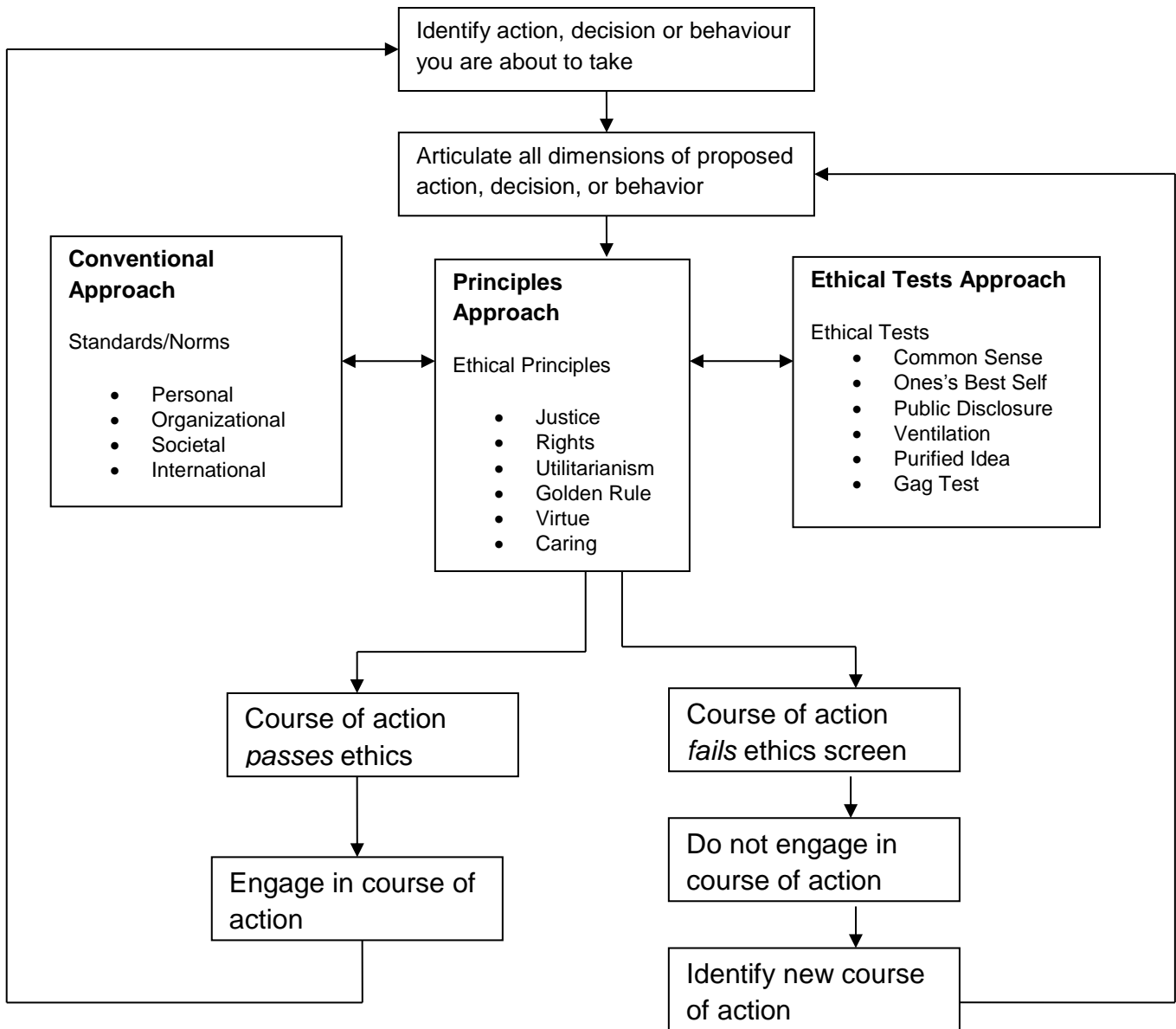
Area 2b - Profitable and ethical (probably legal too): Proceed cautiously.

Area 3 - Legal and ethical but not profitable: Find ways to seek profitability.

(Source: Carroll & Buchholtz, 2006, p. 180 - adapted)

Preceding is a simplistic, but useful overview of what ethical decision-making involves. In the literature, endless suggestions of what an ethical decision-making process should involve are provided. The following is but one example thereof, as according to Carroll & Buchholtz (2006, p. 241):

Schematic representation 3.15: A process of ethical decision-making



Repeat cycle when faced
with new ethical dilemma

(Source: Carroll & Buchholtz, 2006, p. 241 - adapted)

3.4.2.17 INCREASE IN ETHICAL AWARENESS

“When small men begin to cast long shadows, it is a sure sign the sun is setting.”

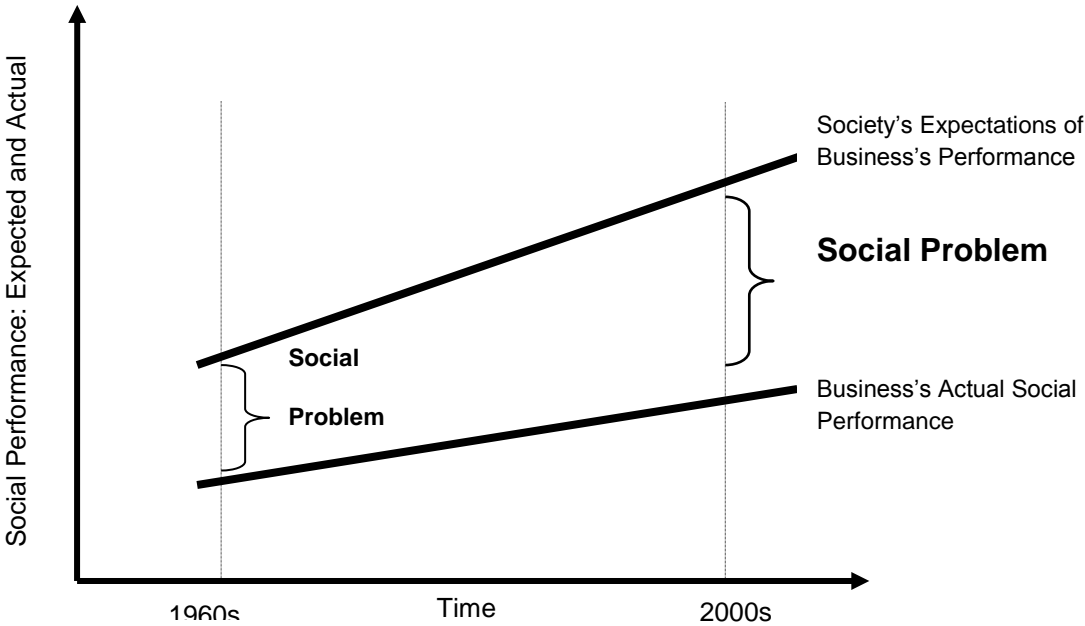
Unknown

The question often arises as to whether or not there is an increase in the ethical awareness of the general public. A further question arises from the preceding question, being that if there is indeed an increase in ethical awareness, what the reasons for this increase are. Numerous ethical debates and answers can result from these two questions. Matters that may be responsible for the possible increase in awareness include:

- The possible positive impact that good corporate governance writings has had on the public’s expectations of ethical conduct from business;
- The guard dog role that the media plays with regard to unethical conduct; and
- The public in a country such as South Africa who experiences the impact of unethical conduct such as poor municipal service delivery and decides to voice their dissatisfaction through protest (refer to sections 1.6 & 1.6.1 for more on protest).

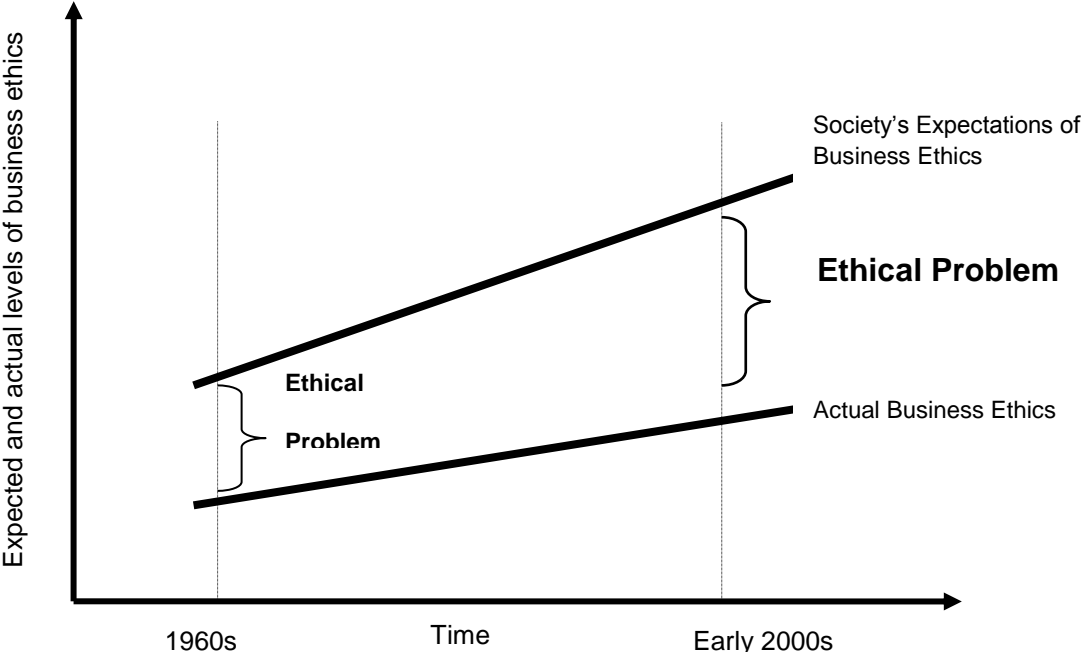
The well-known academics and business ethics authors, Profs Archie Carroll and Ann Buchholtz (2006, pp. 14, 174), made use of two graphs (graphic representation 3.1 & 3.2) in which they elucidated the increase in the “gap” over a period of 40 years (from the 1960s to the 2000s) in the “social problem” (graphic representation 3.1) and the “ethical problem” (graphic representation 3.2):

Graphic representation 3.1: Society’s expectations versus business’ actual “social performance”



(Source: Carroll & Buchholtz, 2006, p. 14 - adapted)

Graphic representation 3.2: Business Ethics Today Versus Earlier Periods



(Source: Carroll & Buchholtz, 2006, p. 174 - adapted)

3.4.2.18 ETHICAL THEORIES

*“Every right implies a responsibility, every opportunity
an obligation, every possession a duty.”*

John D. Rockefeller, Jr.

Ethical theories should form an essential part of the foundation of a business ethics course. Important ethical theories are sufficiently discussed in the two business ethics handbooks (as well as in many other good books on business ethics) that are used in the four courses chosen for the empirical section of this study. For this reason, subsequently, a few of these theories will only be listed and not discussed:

- The virtue theory of Aristotle (Refer to Rossouw, et al., 2010, pp. 59-62; Rossouw & Van Vuuren, 2010, pp. 67-71)
- The deontological theory of Kant (Refer to Rossouw, et al., 2010, pp. 62-65; Rossouw & Van Vuuren, 2010, pp. 71-75)
- The utilitarian theory of Mill (Refer to Rossouw, et al., 2010, pp. 65-69; Rossouw & Van Vuuren, 2010, pp. 76-80)
- The social contract theory of Hobbes (Refer to Bowie & Schneider, 2011, pp. 53-54)
- Rawls’s theory on the “Original Position” or the “Veil of Ignorance” (Refer to Rossouw & Van Vuuren, 2010, p. 22; Bowie & Schneider, 2011, pp. 54-56)
- The situational theory of Fletcher (Refer to Bowie & Schneider, 2011, p. 62)
- Egoism (Refer to Bowie & Schneider, 2011, pp. 59-60)
- Hedonism (Refer to Bowie & Schneider, 2011, p. 61)
- Welfarism (Refer to Bowie & Schneider, 2011, pp. 61-62)

3.4.2.19 A FEW DIVERSE TOPICS

“To see what is right and not to do it is cowardice.”

Confucius

As introduction to this part of the study, it was mentioned in section 3.4.1 that section 3.4.2.1 to 3.4.2.19 will briefly deal with 19 suggested topics that could be included in a business ethics course. Subsequently, as a conclusion to this section, a few practical matters will be referred to, that (depending on the contact time and time for class discussions during lectures), could also be used rewardingly:

- The role of the media in business ethics;
- An analyses of whether annual reports of e.g. certain listed companies or state entities contain decent, informative reporting on ethical aspects with regards to the respective entities;
- The utilisation of DDT in the battle against e.g. malaria, although DDT is in actual fact a banned substance that may cause cancer;
- The ethical implications of industries such as gambling, liquor trading, drug trading, prostitution and unregistered/unlawful short-term loan providers (“loan sharks”);
- The remuneration of directors and management versus employees on “lower” levels of the entity;
- Money laundering;
- The influence of reckless taxi operators on the economy of South Africa;
- The role and actions of labour unions e.g. violent strikes (refer to sections 1.1 and 1.6 for more detail on this specific topic);
- Whether or not all economic activities can/should be “quantifiable” in a monetary value;

- Whether or not B-BBEE is “ethically” applied in South Africa;
- Ethical and unethical advertisements;
- The misuse of internet in the workplace for non-work purposes ;
- The ethicality of telemarketing and internet marketing methods;
- The right to privacy (especially with regards to internet related practices);
- The right to privacy of e.g. personnel, clients and stakeholders;
- The utilisation of insider information for personal gain (i.e. insider trading);
- HIV/AIDS in the workplace;
- The ethical and economical implications regarding the apartheid-like, social-religious construct of the so called “caste system” in India;
- The practice of child labour.

3.5 CONCLUSION

“Try not to become a man of success, but rather try to become a man of value.”

Albert Einstein

For thousands of years, man has been searching for the meaning of life, especially through philosophy and religion. One of the most important aspects in the search of the meaning of life is probably man’s search for what constitutes right (good) and wrong (bad). The search for what is right/good or bad/wrong has not been confined to the personal/philosophical/religious aspects of life, but also spread to the business sphere and eventually developed into the academic field, today known as business ethics. In section 3.2.1 the development of ethics, applied ethics, business ethics and professional ethics from the mother-discipline of philosophy is discussed. Each of these five fields is subsequently discussed in more detail in sections 3.2.2 – 3.5.

One of the main challenges in presenting business ethics courses is to keep the subject pragmatic and practically applicable – which may be difficult, possibly due to the discipline's development from philosophy. If the pragmatic and practical focus is not maintained, business ethics may result in a mere philosophical and theoretical course that has little to do with ethical challenges encountered in the real accountancy profession and business world. In section 3.3, reasons are mentioned that may result in business ethics courses being irrelevant and impractical and therefore possible solutions to this problem are also suggested. Other challenges that may prevent lecturers from presenting business ethics courses in an optimal manner, are also briefly discussed in this section.

The preceding paragraph may be summarised by claiming that during a business ethics course, the future accountant and auditor should be made aware of the potential high risks of e.g. corruption and fraud that even eminent leaders commit. The verdict delivered by Judge Frans Kgomo (Wiener, 2011, pp. 327, 328) during the Bret Kebble case, may be regarded as stating the essence of this eloquently: *“At a glance, or in the eye of the uninitiated, one may be excused of thinking or saying that this is a run of the mill [unexceptional] case of murder and conspiracy to commit any other offence. This is not so. In my view this case is about hidden and/or sinister agendas perpetrated by shady characters as well as ostensibly crooked and/or greedy businesspersons. It is about corrupt civil servants as well as prominent politicians or politically connected people wining and dining with devils incarnate under the cover of darkness.”*

Lastly, in section 3.4, 19 possible topics to possibly be included in a meaningful and informative business ethics course were suggested and briefly discussed. All of the above may serve as a point of reference for the empirical findings that will be dealt with in chapter 4.

CHAPTER 4 – EMPIRICAL ANALYSIS: RESULTS, INTERPRETATION AND DISCUSSION

“Privilege is the greatest enemy of right.”

Marie von Ebner-Eschenbach

4.1 BACKGROUND

*“Authority without wisdom is like a heavy ax without an edge –
fitter to bruise than polish.”*

Anne Bradstreet

The previous sections of the study concerned literature aspects regarding the study. For the purposes of this chapter, the previous chapters referred to:

- Business ethics being a relatively new discipline that is still in an early phase of development;
- The lack of consensus regarding fundamental questions such as:
 - Whether or not it makes sense to present business ethics as a subject to students of accountancy;
 - Whether the principles of business ethics (and especially the realisation of those principles in a person's life) can be taught or whether it is more likely that a person is born either “good” or “bad” and that business ethics education cannot change this predisposition; and
 - Whether confirmation exists that a course in business ethics does/should indeed have a positive impact on the ethical reasoning of students that complete the course.

Against this background, the primary purpose of this chapter is to determine what (if any) the impact of courses in business ethics is on the ethical reasoning and perceptions of accountancy and business students that completed one of the four courses selected for this section of the study. Additionally, this study can assist in determining what the the greatest ethical “challenges” for South Africa are according to the involved students’ perceptions. The identification of business ethics facets to these particular “challenges” can assist in determining possible topics that should be emphasised more or that should also be included in the curriculum for a business ethics course. A brief overview of the empirical methodology followed in this chapter can be found in section 1.8.3. specifically (see also sections 1.9, 1.10, and 2.7). Apart from the methodology being elaborated upon, this chapter also contains the following:

- An identification of the population of the respondents and a motivation for the sampling approach followed;
- A discussion on the data collection strategy and procedures followed to perform the empirical study. It will include the strategies followed during the pre- and post-test phases to collect the relevant data, as well as reference to the practical implementation of this strategy;
- A discussion on the development of the questionnaire to collect the data;
- A discussion on the measurement constructs entrenched into the questionnaire and the statistical analyses methods to investigate them;
- Limitations to the study; and
- Inferences and findings made from the processed data.

With regard to the first section of the discussion (specifically an analysis of the age of the population in section 4.2.1), data is also presented by means of graphs (graphic representation 4.1 – 4.10). However, thereafter graphs are not used since the nature of the data makes the use of graphs impractical and due to the fact that graphs would only visually represent data and findings that are also contained in tables and the text.

4.1.1 POPULATION AND SAMPLING APPROACH

"Your reputation and integrity are everything. Follow through on what you say you're going to do. Your credibility can only be built over time, and it is built from the history of your words and actions."

Maria Razumich-Zec

The population for the empirical study consists of students at three universities, enrolled for four different business ethics courses that were presented during 2012 (thus, four main groups of respondents participated in the study). Table 4.1 contains an overview of the respondents involved in the empirical study (see also table 1.1 under section 1.8.3):

Table 4.1: An overview of respondents involved in the empirical study

University	Module name	Module code	Study year in which course is presented	Academic programmes of students enrolled for the module
University of Johannesburg (UJ)	Auditing 2A - Business Ethics and Communication ⁵⁷	ODT2A01	Second year	B.Acc & B.Com (Accounting)
University of the Free State (UFS)	Business Ethics	EBS224	Second year	B.Acc & B.Com (Accounting)
Central University of Technology (CUT)	Business Ethics	BNE41AB	Fourth year	B.Tech (Cost and Management Accounting), B.Tech (Financial Information Systems), B.Tech (Internal Auditing)
University of the Free State	Corporate governance and ethics	MBA712	Post-graduate	Magister in Business Administration (MBA)

⁵⁷ As from 2013, the course name will change to Governance and Citizenship (GOV2AB0), to be presented to second-year students enrolled for B.Acc (as opposed to ODT2A01 that was also presented to students enrolled for B.Com (Accounting)).

The first group was second-year students at the University of Johannesburg (UJ) that were enrolled for the course ODT2A01 (*Business Ethics and Communication*) during the first semester of 2012. The second group of students were second-year students at the University of the Free State enrolled for the course EBS224 (*Business Ethics*) during the second semester of 2012. The courses presented to these two groups were similar in the sense that:

- Both these courses satisfy the requirements for Initial Professional Development (IPD) ethics education set by IFAC and SAICA;
- The students enrolled for both these courses consisted mainly of second-year students studying towards either a B.Acc or B.Com (Accounting) degree;
- The same handbook (Rossouw, et al., 2010) is prescribed for students enrolled for both of these courses; and
- Students enrolled for both these courses had to participate in project Alpha (referred to again later in this section).

The third group of students were fourth-year students enrolled at the Central University of Technology (CUT) for the course BNE41AB (*Business Ethics*) during the first semester of 2012. As is the case with the abovementioned two groups, the group of students at the CUT specialise in accounting-related graduate programmes (refer to table 4.1 for more detail). The course presented at the CUT is not accredited with SAICA, but the approach followed in this course is highly comparable to the approaches followed in the SAICA-accredited courses at UJ and the UFS.

The last group of students are postgraduate students enrolled at the UFS during the second semester of 2012 for the course MBA712 (*Corporate governance and ethics*) (which forms a compulsory part of the MBA programme at the UFS). Of the four courses chosen for this study, the MBA-course is unique in the sense that it is a postgraduate course for students studying business administration (thus students registered for this course do not specialise in accounting or accounting-related

subjects, as is the case with students registered for one of the other three course chosen for this study).

It should be mentioned that a component of the assessment of the courses presented at UJ, UFS (EBS 224) and CUT consists of a practical assignment (a group presentation and written submission on a researched business ethics dilemma) that is facilitated in conjunction with certain of the Big Four audit firms. At UJ and the UFS (for the EBS 224 group) the presentations and events surrounding the presentations is known as “Project Alpha” and it is sponsored by Ernst & Young (E&Y). PwC became involved in a similar project at the Central University of Technology during 2012. The MBA students’ practical assignment (an individual presentation and written submission on a researched business ethics dilemma) is not presented in affiliation with a Big Four audit firm since students enrolled for this course are generally not studying towards becoming accountants or auditors. (Refer to section 2.7 for more on students’ assessment and “Project Alpha”.)

4.1.2 DATA COLLECTION STRATEGY AND PROCEDURES

“Without civic morality communities perish; without personal morality their survival has no value.”

Bertrand Russell

4.1.2.1 INTRODUCTION

“The moral virtues, then, are produced in us neither by nature nor against nature. Nature, indeed, prepares in us the ground for their reception, but their complete formation is the product of habit.”

Aristotle

The foundation of the empirical study and the instrument used as the data collection method is a questionnaire, included as annexures A (English questionnaire) and B (Afrikaans questionnaire). Before the onset of the data collection, the necessary permission to conduct the study amongst the relevant students was obtained from the four courses' lecturers as well as the head of departments, program directors, deans and research ethics committees where applicable and required. Permission was obtained orally from the relevant authorities at the UFS and CUT and by means of written application from the relevant authorities at UJ. Subsequently, the development of the questionnaire commenced, which is considered in the following section.

4.1.2.2 QUESTIONNAIRE DEVELOPMENT

“Let me give you a definition of ethics: It is good to maintain and further life it is bad to damage and destroy life.”

Albert Schweitzer

The questionnaire (refer to annexure A and B) was developed to gather the opinions and perceptions of respondents on various business ethics aspects and also takes into account the major requirements of SAICA regarding the courses on business ethics for South African accounting students. The questionnaire was divided into two main sections. The first section (“Part A”) deals with demographic information of the respondents and the second section (“Part B”) contains questions designed to test students’ ethical reasoning and perceptions. In “Part B” of the questionnaire, extensive use was made of business ethics scenarios, based on the literature section of this study (especially section 3.4). According to Weber (1992, pp. 137, 138), a growing number of researchers in the business ethics field make use of scenarios as data gathering technique in their empirical investigations which *“allow[s] the researcher to frame the research question to incorporate complex, multidimensional issues reflecting decision making in the real world.”*

“Part B” of the questionnaire was developed to contain a balanced variety of both closed- and open-ended response options. Different response options have different advantages and disadvantages, as set out in table 4.2 (Weber, 1992, p. 145):

Table 4.2: Closed- versus open-ended response options - advantages and disadvantages

	CLOSED-ENDED RESPONSES	OPEN-ENDED RESPONSES
ADVANTAGES	Allows the researcher to collect large amounts of data easily.	Little potential for bias since response options are not pre-determined for the respondent.
	Does not make exceptional demands upon the subjects' time and does not require extensive effort from the subject.	Provides unrestricted response options/freedom to the subject.
	Responses can be coded without any specialized skill or training.	Multidimensional decision-making resembles real world situations.
	Responses can be recorded easily for statistical manipulation by the researcher.	
DISADVANTAGES	Potential for bias imposed by determining the possible response options for the respondent.	Large amounts of data require more effort from the researcher to collect.
	Limits the subjects' freedom in responding to the scenarios by generally forcing subjects into a "black-or-white" decision or behaviour.	More time and effort are required from subjects to respond.
	Unidimensional decision-making is unlike the real world/unrealistic.	To code responses for data analysis requires some specialized skill/ training.
		The researcher's subjectivity in the coding of an open-ended response may intrude.
		Recording or responses for statistical manipulation by the researcher requires considerable effort.

(Weber, 1992, p. 145 - adapted)

For more on the above topic, see also Mouton, 2011 and Henning et al., 2004.

Table 4.3 indicates the response options that were incorporated into the questionnaire (see annexure A and B):

Table 4.3: Response options incorporated into the questionnaire

TYPE OF RESPONSE	QUESTION NUMBER IN QUESTIONNAIRE
Close-ended response options	
Dichotomous (yes/no) option	1,a; 2.a; 3
Multiple-choice selection	2.c;
Likert-scale	4; 5;
Open-ended response options	1.b; 2.b; 6

4.1.2.3 BACKGROUND TO THE COMPLETION OF QUESTIONNAIRES

“Do not be deceived: bad company corrupts good morals.”

1 Corinthians 15:33

Each potential respondent had the choice not to fill in the questionnaire. However, no potential respondent refused to participate in the study. Questionnaires were completed anonymously (names and student numbers of respondents were not filled in on the questionnaires); thus, the identity of respondents cannot be determined. No reference were made to any individual in the study. See introduction to the questionnaire (annexure A and B) for the complete statement handed out to students regarding this matter.

Respondents completed the questionnaires twice - during the first lecture (hereafter referred to as the “pre-course” questionnaire) as well as during the last lecture (hereafter referred to as the “post-course” questionnaire) of their respective courses (more or less four months apart). Each lecturer of the four groups of students respectively, oversaw the students complete the questionnaires during the first and last lecture of the course.

The sampling technique used for each of the four groups of respondents was to test the entire population of the students registered for each course. However, despite the “theoretical” intention to test the entire population of registered students, for neither the pre-course nor the post-course phase, all the registered students could be tested. Class attendance of the courses is not compulsory and thus it was not practically possible to ascertain that all the registered students attended the classes on the dates of the pre- and post-testing. Consequently, the “population” for each of the four courses’ pre- and post-testings respectively, consisted of students that attended the two particular lectures. The population sizes were small enough to make testing the entire population feasible and the data collection strategy was such that for each of the four groups of respondents, all of the students were available at one time, in one geographical location (class room). The date for the completion of the pre-course questionnaire was the first scheduled lecture of each of the four courses and for the post-course questionnaire it was the last scheduled lecture of each of the four courses (mostly at the end of the semester just before examinations began).

Further practical reasons that could have resulted in (and for some groups actually did result in) students not attending the first lecture (pre-course testing) of the courses are trends of poor student registration figures at the beginning of a semester - due to students, for example:

- Still waiting for academic results before they can register;
- Only being financially able to pay registration fees at a later stage; or

- Experiencing problems with transport or accommodation.

This often results in registration dates being extended to accommodate late applicants (who normally do not attend the first lectures before registering). Possible reasons for the poor attendance of the last lectures (post-course testing) of the courses may be that some students :

- Did not achieve the minimum predicate mark (which in most cases is 40%) necessary to obtain admission to the examination and as a result did not see the worthwhileness for attending the last lectures of a course in which they would not be able to write the examination;
- Were occupied with resolving administrative and predicate problems before the examinations commenced (which in all cases were within a couple of days from the last lectures);
- Terminated their registration (for various reasons) during the semester; or
- Were not motivated to attend classes any more and rather used the lecture time to prepare for the examinations.

Table 4.4 indicates the number of respondents that completed the “pre-course attendance” (hereafter referred to as “pre”) and post-course attendance (hereafter referred to as “post”) questionnaires, respectively:

Table 4.4: Number of respondents per group

GROUP	Pre	Post
CUT	63	57
UFS (EBS)	230	375
UFS (MBA)	14	30
UJ	650	182

Possible reasons for the fluctuation in respondents from “pre” to “post” for each institution will subsequently be discussed briefly:

- The number of respondents from the CUT fluctuated relatively little – there was a 9,52% decrease in respondents from the pre to the post phase. Class attendance possibly remained fairly stable due to the learning journal assignment (refer to section 2.7 for more on this topic) counting towards 30% of students’ final marks (refer to table 2.8 for a framework on how students’ final marks were determined). To successfully complete the learning journal assignment, students need to attend contact sessions since part of the assignment includes writing about what was discussed during each contact session.
- The respondents from the UFS for the EBS224 course, increased by 63,04% from the pre to the post phase. Possible reasons for the poor attendance of the first lecture are as discussed above (before table 4.4). The students completed the post questionnaire during the final stages of Project Alpha (refer to section 2.7 for more on this subject) that counted towards 50% of students’ semester marks (refer to table 2.8 for a framework on how students’ final marks were determined), which was probably the reason for the enhanced class attendance.
- The respondents from the UFS for the MBA group increased by 114,29% from the pre to the post phase. The most probable reasons for the poor attendance of the first lecture for this group are work-related obligations, as nearly all MBA-students work full time while studying part time, and family obligations as most MBA-students are older and married (refer to sections 4.2.1 and 4.2.3 respectively) and may have children to attend to. Other possible reasons (that were actually confirmed in certain cases) for the poor attendance of the first lecture are as discussed above (before table 4.4), especially regarding transport difficulties as 26,67% of the students that completed the post questionnaire are citizens of Lesotho (who often experience problems to pass through the border post to South Africa). The students completed the post-questionnaire during the lecture that they had to deliver their individual presentations that counted towards 50% of the students’ final marks (refer to

table 2.8 for a framework on how students' final marks were determined), which was probably the reason for the enhanced class attendance.

- The respondents from the UJ decreased by 72% from the pre to the post phase. Possible reasons for the poor attendance of the last lecture are as discussed above (before table 4.4).

Respondents from especially the UJ and the UFS (EBS-group) omitted responses to a large number of questions. In some cases, entire questions were completely left unanswered. It was also some respondents from the said two courses that most often completed questions in an incorrect manner. The question that was affected most by students completing it incorrectly is question 6. Instead of picking only five options and ranking these from one to five, many students ranked all the options or picked five options without ranking them (simply marking the options with Xs). The reason for this worrying trend may be that students do not read questions properly and/or are indolent. Unfortunately, all the questionnaires could not be checked for missing data and/or incorrect responses as the students handed them back, due to time restrictions (the average duration of a contact session is 50 minutes, during which the students had to complete the questionnaire). Also, the large number of respondents at especially UJ and the UFS (EBS-group) made it unfeasible to check the questionnaires for the abovenamed. At the CUT and UFS (MBA-group) the number of respondents were considerably smaller, which made it easier for the questionnaire administrator to check the questionnaires and possibly contributed to the smaller amount of missing and incorrect data from these two group. Furthermore, the researcher was not able to attend all the contact sessions during which the questionnaires were completed (to check the validity and completeness of responses). Thus, in most cases the concerned lecturers of the courses administered the questionnaires and oversaw the students complete the questionnaires.

Despite the abovenamed adversities and limitations, meaningful deductions can still be made from the data for the purposes of this study. These limitations as well as other aspects concerning the population are further discussed in section 4.2.

4.2 BACKGROUND ON THE POPULATION

*“Ethics is the activity of man directed to secure the
inner perfection of his own personality.”*

Albert Schweitzer

In section 4.1.1, certain background information regarding the population was provided. The population consists of students with diverse demographical backgrounds (which will become clear from the subsequent discussion under this section). A disadvantage is that due to the diverse demographical profiles of the students, students cannot necessarily be compared with each other. However, an advantage is that the diverse demographic profiles of students is likely representative of the South African context regarding students that attend business ethics courses that form part of the academic programmes as relevant to this study.

As mentioned under section 4.1.2.2, the questionnaire (refer to annexure A and B) that the students were required to complete was divided into two main sections. The first section (“Part A”) deals with demographic information of the respondent and the second section (“Part B”) contains scenarios and questions designed to test students’ ethical reasoning and perceptions. Subsequently, the populations’ demographic characteristics, as gathered by means of “Part A” of the questionnaire, will be discussed briefly with regards to the following divisions:

- 4.2.1 Age
- 4.2.2 Gender
- 4.2.3 Marital status
- 4.2.4 Ethnicity
- 4.2.5 Citizenship
- 4.2.6 Mother tongue
- 4.2.7 Religion
- 4.2.8 Work experience
- 4.2.9 Academic programme
- 4.2.10 Previous ethics education/training
- 4.2.11 Repetition of course
- 4.2.12 Highest academic qualification

The said aspects concerning the population will be discussed not by means of advanced statistical analyses, but mainly by making use of frequency tables, percentages and means. Note that all percentages referred to in section 4.2.1 to 4.2.12 were calculated excluding the missing data. All results will not be discussed and only the most important findings will be emphasized.

With regard to the first section of the discussion (specifically an analysis of the age of the population in section 4.2.1), data is also presented by means of graphs (graphic representation 4.1 – 4.10). However, thereafter graphs are not used since the nature of the data makes the use of graphs impractical and due to the fact that graphs would only visually represent data and findings that are also contained in tables and the text.

4.2.1 AGE

*“Ethics is knowing the difference between what you have
a right to do and what is right to do.”*

Potter Stewart

Table 4.5 contains the number and table 4.6 the percentage of pre and post respondents per age group for all the respondents in aggregate as well as for each group of respondents separately.

Table 4.5: The number of respondents per age group

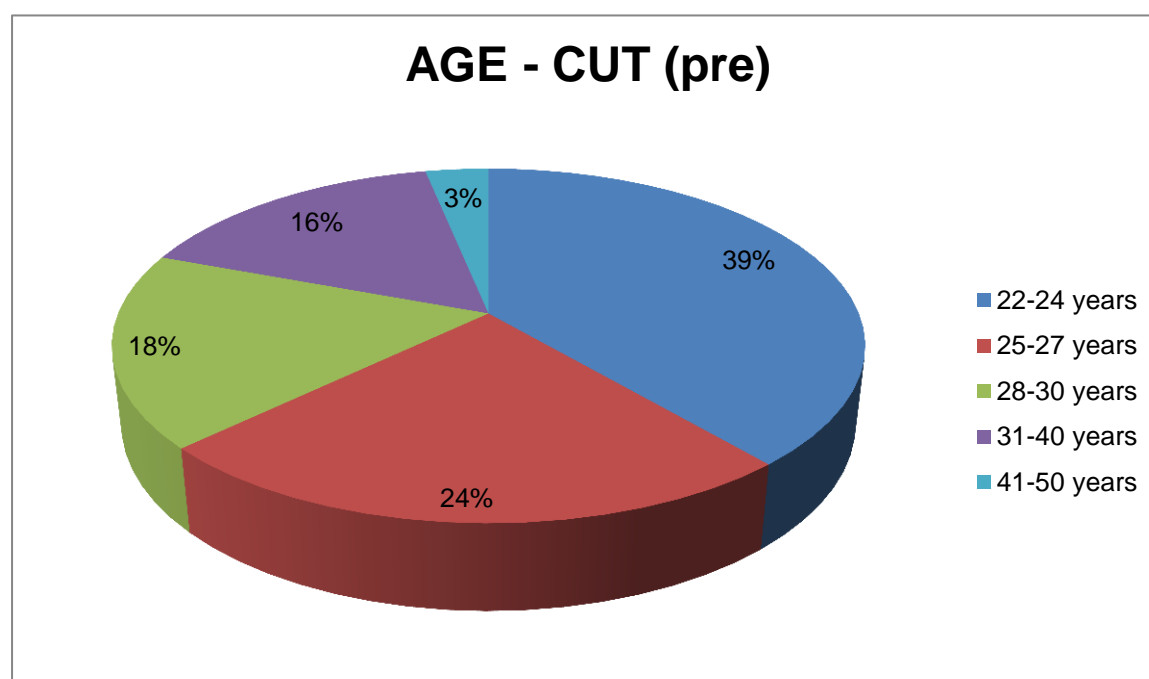
	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post			pre	post	pre	post	pre	post	pre
Age in years	Number of respondents										
Missing	21	17		0	0	8	9	0	0	13	8
17-18	4	2		0	0	0	2	0	0	4	0
19-21	728	426		0	0	187	281	0	0	541	145
22-24	142	119		24	23	29	69	2	2	87	25
25-27	22	20		15	10	4	6	1	1	2	3
28-30	16	17		11	9	1	5	2	2	2	1
31-40	18	33		10	13	1	3	7	17	0	0
41-50	5	10		2	2	0	0	2	8	1	0
Total	957	644		63	57	230	375	14	30	650	182

Table 4.6: The percentage (%) of respondents per age group

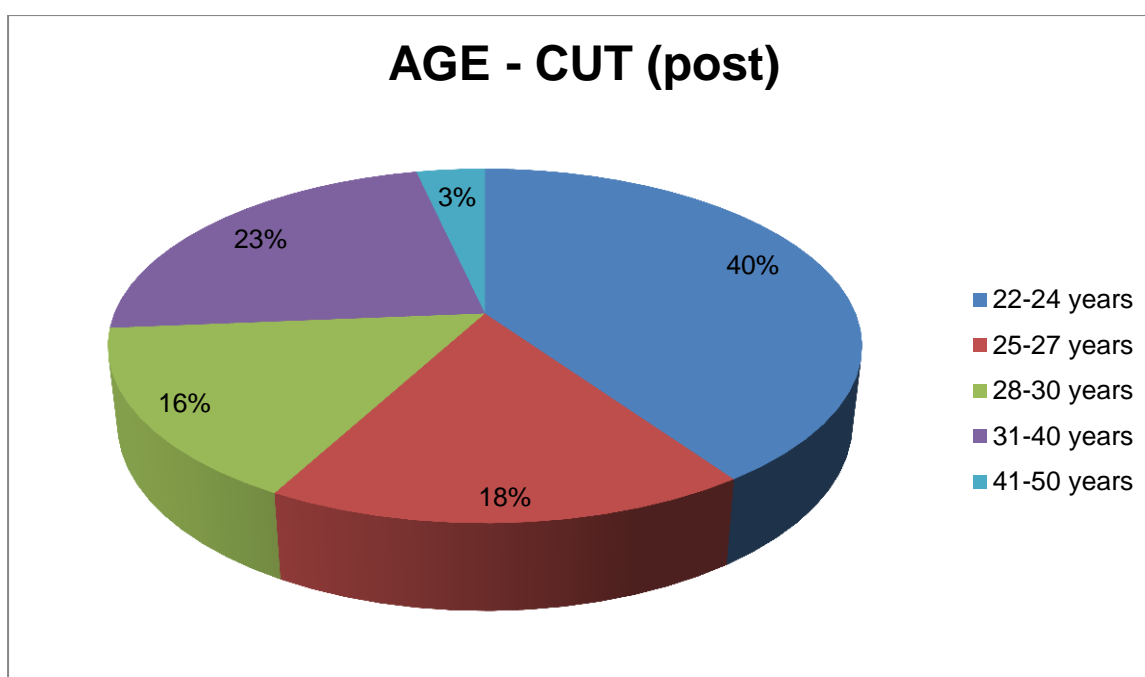
	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Age in years	Percentage of respondents										
17-18	0.43	0.32		0.00	0.00	0.00	0.546	0.00	0.00	0.628	0.00
19-21	77.9	67.9		0.00	0.00	84.2	76.78	0.00	0.00	84.93	83.33
22-24	15.2	19		38.7	40.4	13.1	18.85	14	6.67	13.66	14.37
25-27	2.35	3.19		24.2	17.5	1.8	1.639	7.1	3.33	0.314	1.724
28-30	1.71	2.71		17.7	15.8	0.45	1.366	14	6.67	0.314	0.575
31-40	1.93	5.26		16.1	22.8	0.45	0.82	50	56.7	0.00	0.00
41-50	0.53	1.59		3.23	3.51	0.00	0.00	14	26.7	0.157	0.00
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, graphic representations (4.1 – 4.10) of and brief discussions on the pre and post age profiles of respondents of each group will be provided, after which the same will be done for the age profiles of respondents in aggregate.

Graphic representation 4.1: Age profile of pre respondents from the CUT

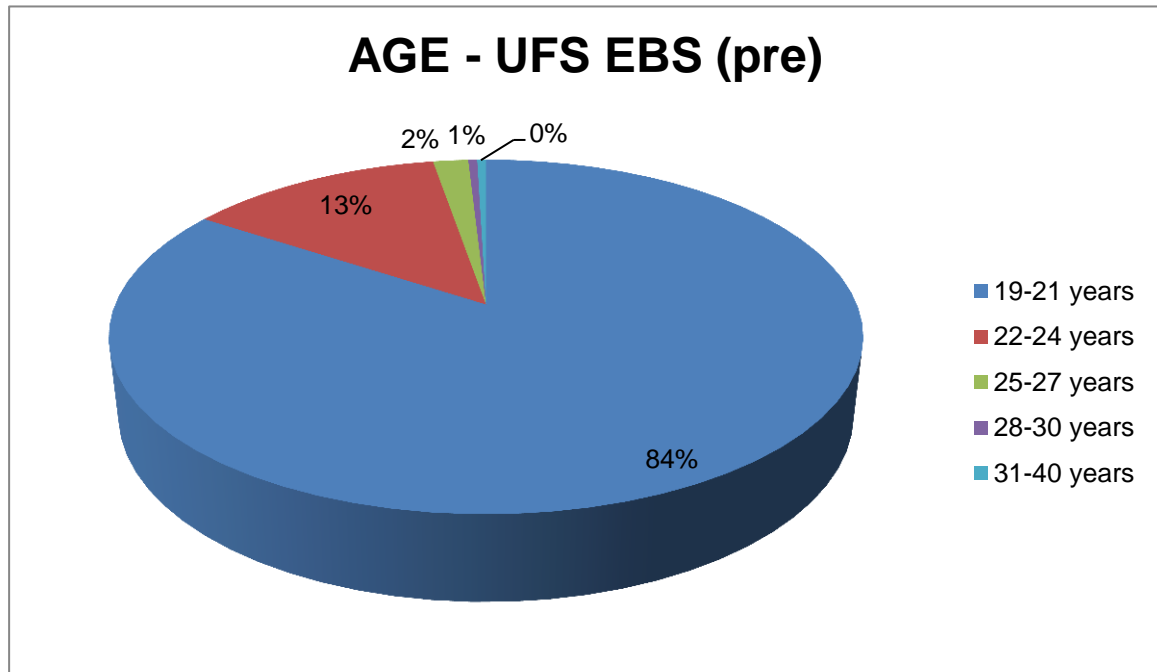


Graphic representation 4.2: Age profile of post respondents from the CUT

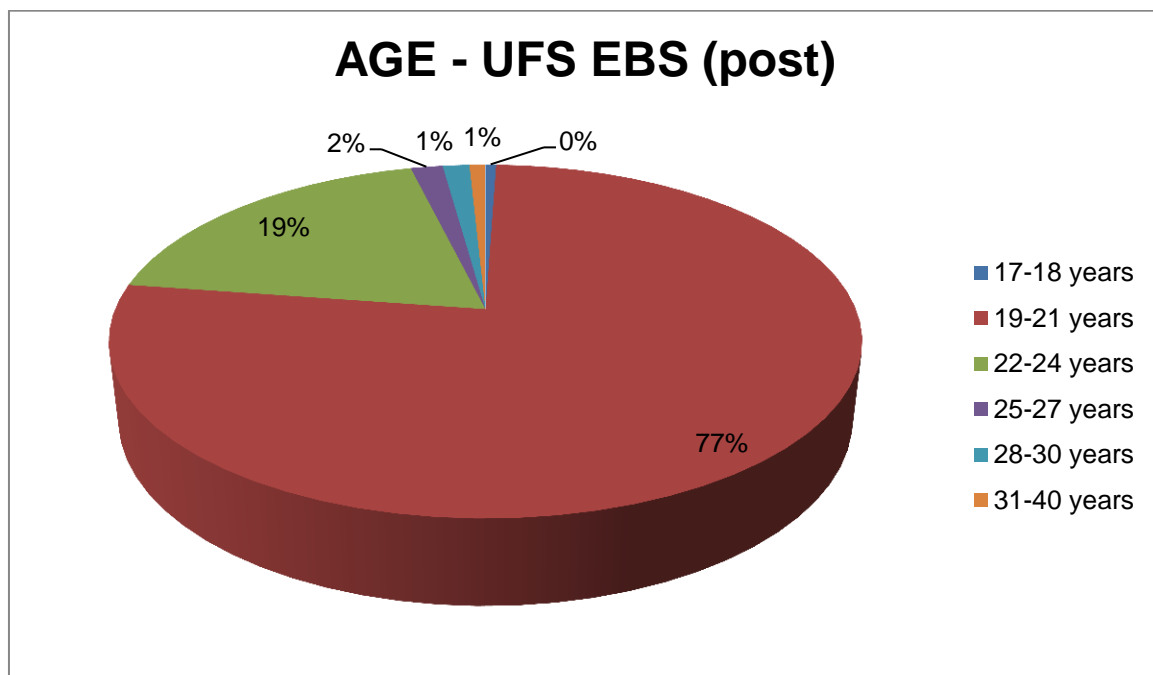


The age profile of students at the CUT are in line with what is expected if taken into consideration that they are in their forth year of study and the majority of students commenced their relevant tertiary study directly after completing their National Senior Certificate (“grade 12”) at the typical age of 18 or 19 years. The majority of CUT-students fall into the age range of 22-24 years (38,1% - pre; 40,35% - post) and 25-27 years (23,81% - pre; 17,54% - post). The mean age of students at the CUT are 26,55 years for the pre group and 27,63 years for the post group.

Graphic representation 4.3: Age profile of pre respondents from the UFS (EBS-group)

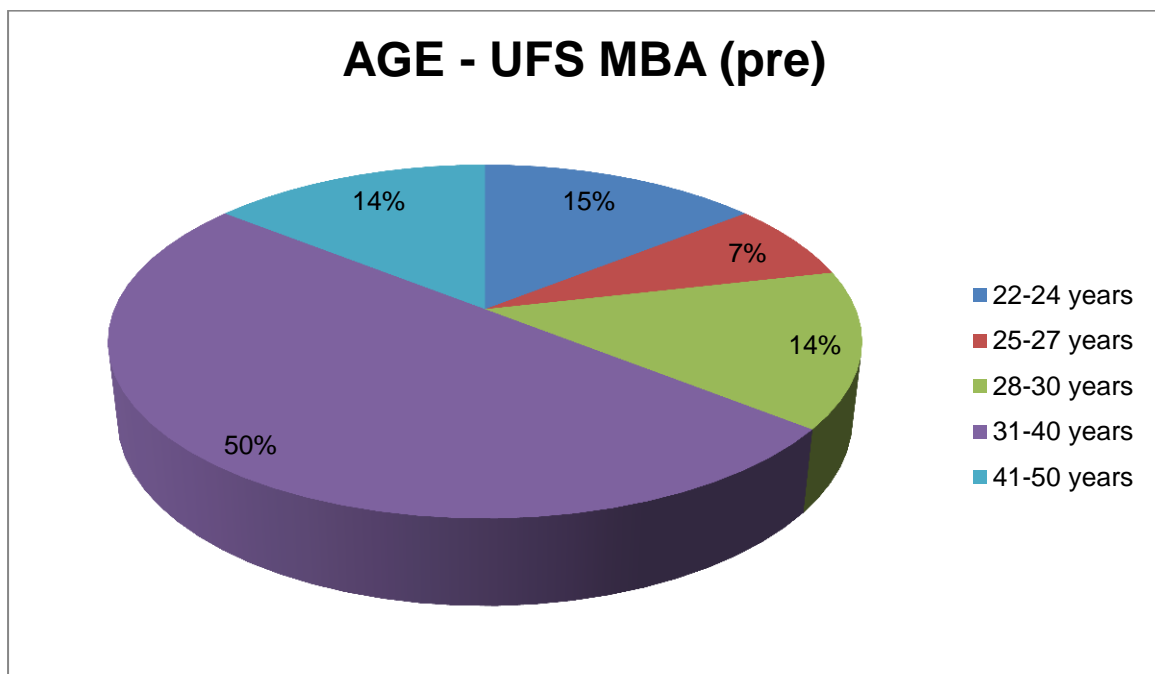


Graphic representation 4.4: Age profile of post respondents from the UFS (EBS-group)

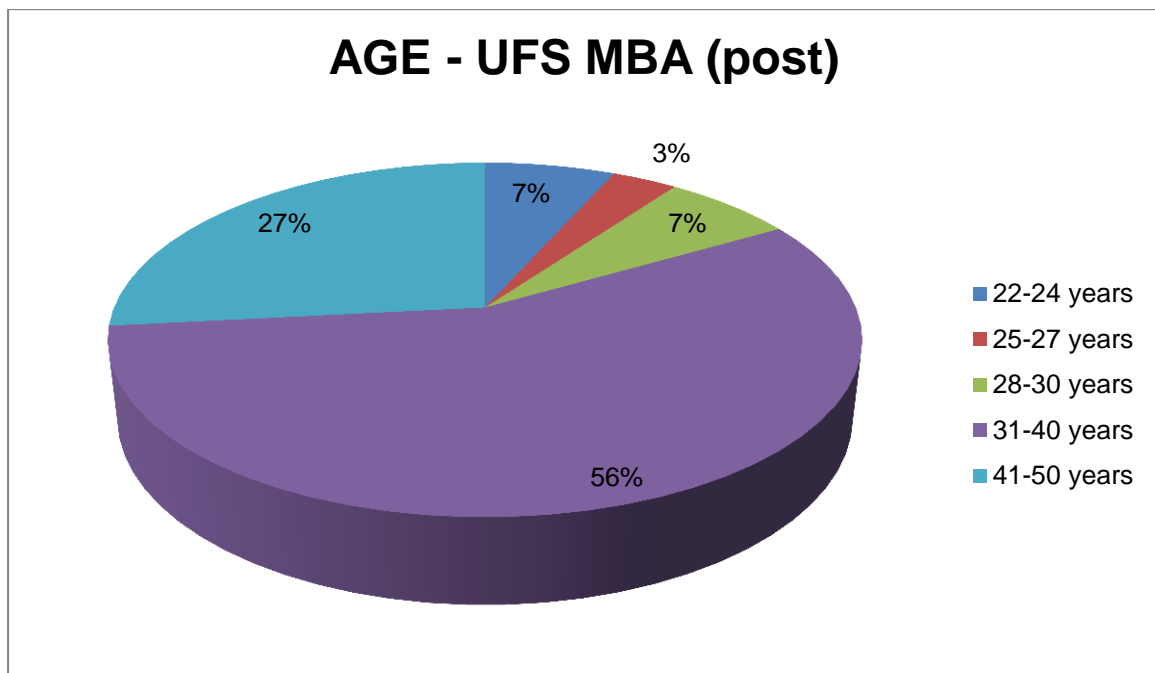


The age profile of students at the UFS (EBS group) are in line with what is expected if taken into consideration that they are in their second year of study and the majority of students commenced their relevant tertiary study directly after completing their National Senior Certificate (“grade 12”) at the typical age of 18 or 19 years. The majority of UFS students for the EBS-group fall into the age range of 19-21 years (84,23% - pre; 76,78% - post).). The mean age of students of the UFS’s EBS-group are 19,92 years for the pre group and 20,43 years for the post group.

Graphic representation 4.5: Age profile of pre respondents from the UFS (MBA-group)



Graphic representation 4.6: Age profile of post respondents from the UFS (MBA-group)

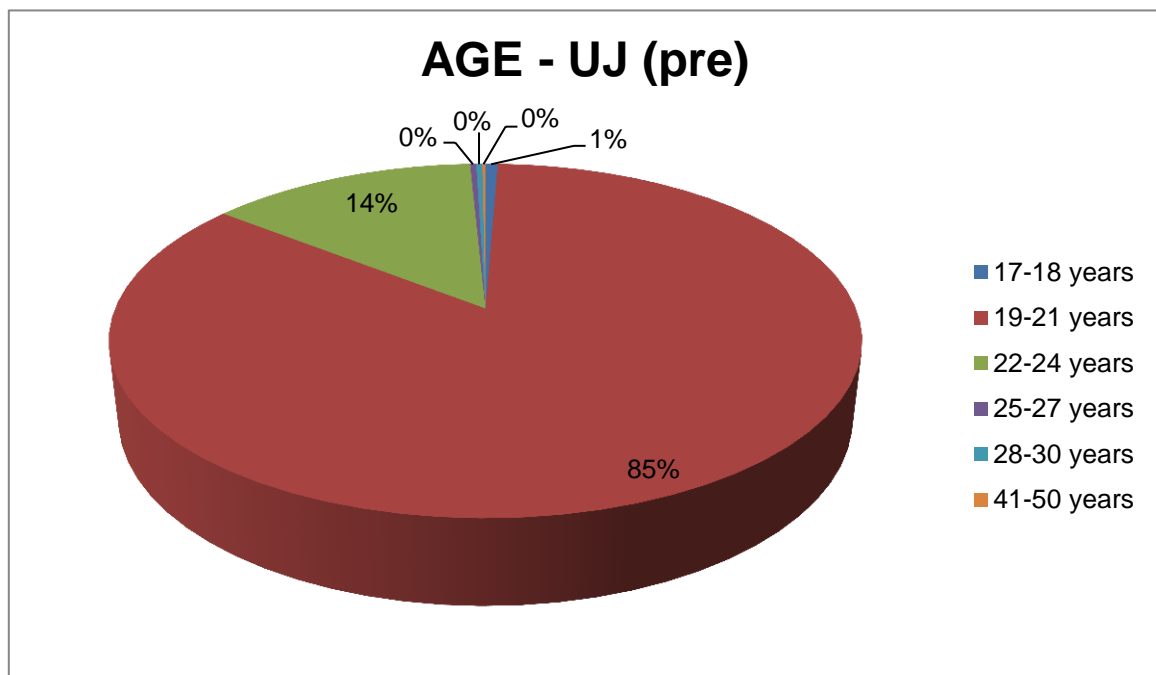


The age profile of students at the UFS (MBA group) are in line with what is expected if taken into consideration that they are postgraduate students and that the admission requirements include that students:

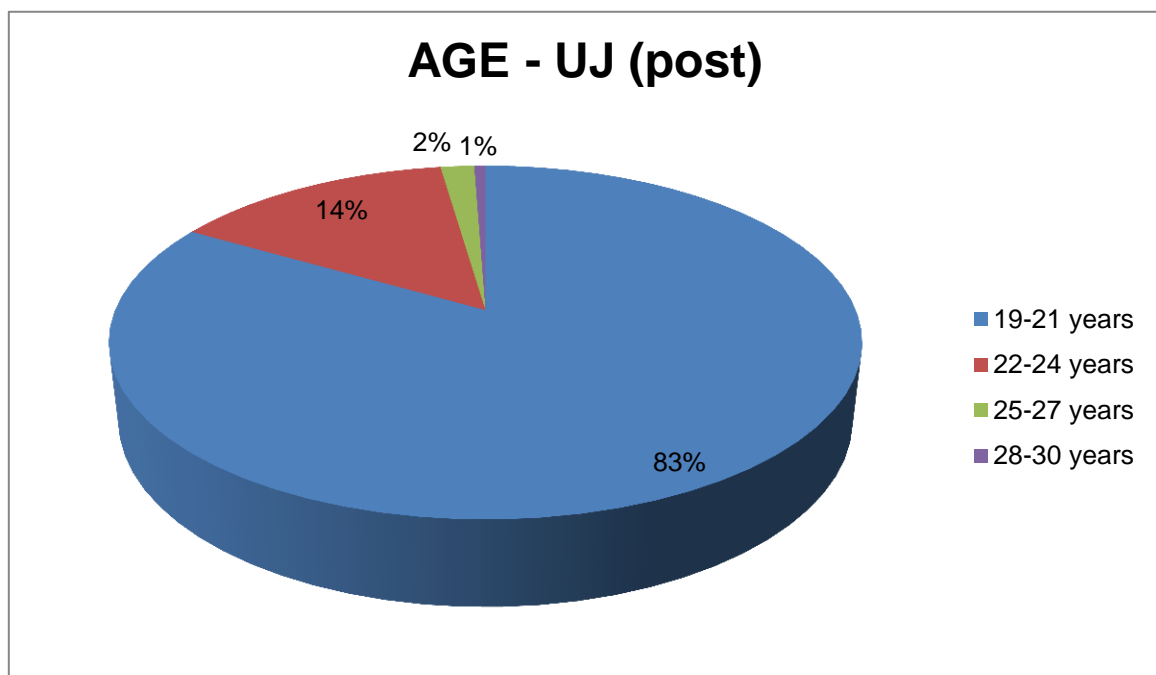
- Should have obtained either a degree or four-year diploma;
- Have at least three years of relevant managerial/work experience; and
- Be at least 26 years of age (unless decided otherwise by the admission committee) (UFS, 2012).

The majority of UFS students for the MBA-group fall into the age range of 31-40 years (50% - pre; 56,67% - post). The mean age of students of the UFS's MBA-group is 33,86 years for the pre group and 36,67 years for the post group.

Graphic representation 4.7: Age profile of pre respondents from the UJ



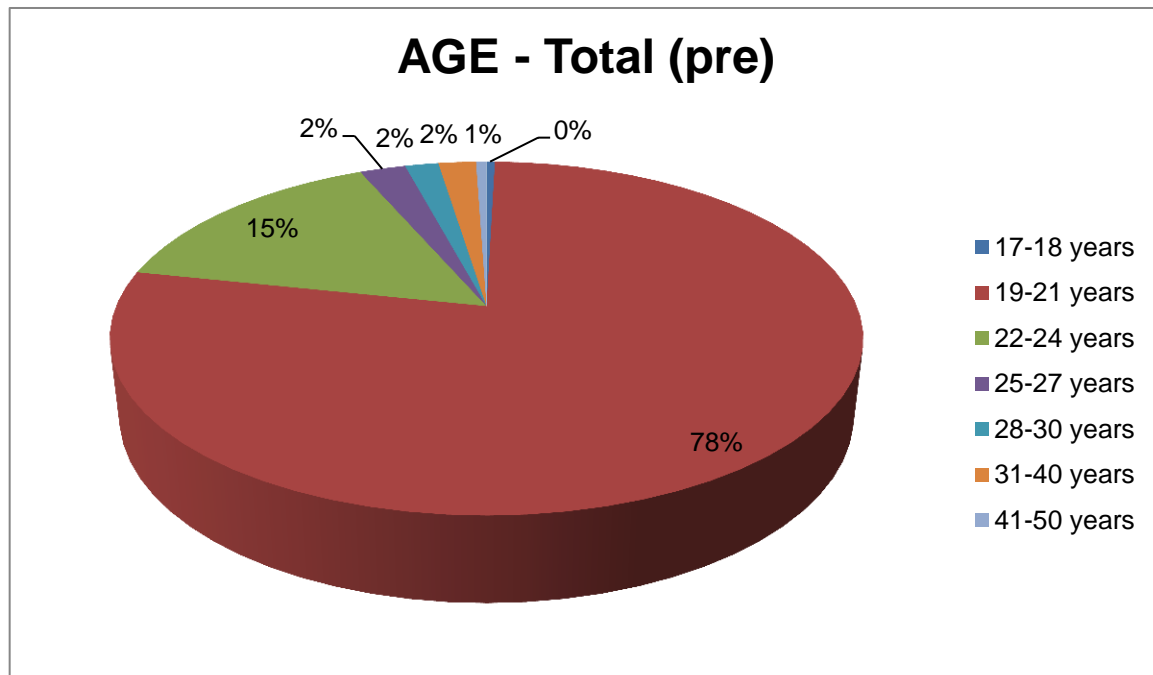
Graphic representation 4.8: Age profile of post respondents from the UJ



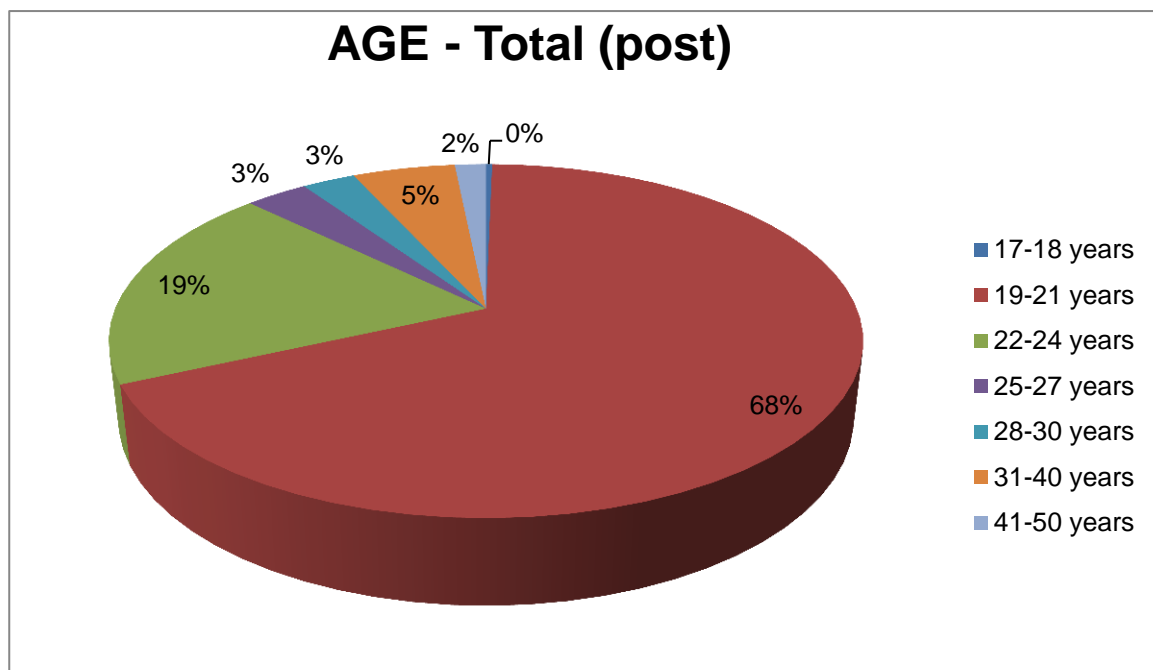
The age profile of students at the UJ is very similar to that of the UFS (EBS group). The majority of UJ students fall into the age range of 19-21 years (84,93% - pre;

83,33% - post). The mean age of respondents from UJ are 20,05 years for the pre group and 19,7 years for the post group.

Graphic representation 4.9: Age profile of all pre respondents in aggregate



Graphic representation 4.10: Age profile of all post respondents in aggregate



The age profile of all four the groups of students in aggregate reflect the fact that the two largest groups of students are those from UJ and the UFS (EBS group). Thus, the majority of students in aggregate fall into the age range of 19-21 years (77,86% - pre; 67,94% - post) and 22-24 years (15,19% - pre; 18,98% - post). The mean age of students in aggregate is 21,13 years for the pre group and 22,21 years for the post group.

4.2.2 GENDER

“Ethics and equity and the principles of justice do not change with the calendar.”

David Herbert Lawrence

Table 4.7 contains the number and table 4.8 the percentage of pre and post respondents per gender for all the respondents in aggregate as well as for each group of respondents separately.

Table 4.7: The number of female and male respondents

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Gender	Number of respondents										
Missing	7	4		1	0	4	4	0	0	2	0
Female	542	397		37	35	138	240	5	15	362	107
Male	408	243		25	22	88	131	9	15	286	75
Total	957	644		63	57	230	375	14	30	650	182

Table 4.8: The percentage (%) of female and male respondents

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Gender	Percentage of respondents										
Female	57.05	62.03		59.68	61.40	61.06	64.69	35.71	50.00	55.86	58.79
Male	42.95	37.97		40.32	38.60	38.94	35.31	64.29	50.00	44.14	41.21
Total	100	100		100	100	100	100	100	100	100	100

Subsequently a brief discussion on the pre and post gender profiles for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

The female respondents outnumber the male respondents for all the respondents in aggregate as well as for each group of respondents separately, except for the MBA group. A possible reason why the trend of females being in the majority is not set forth in the MBA group may be that the MBA programme focuses on persons in management positions and women are still traditionally less likely than men to strive for and fill management positions due to, for example, family responsibilities.

4.2.3 MARITAL STATUS

“Divorced from ethics, leadership is reduced to management and politics to mere technique.”

James MacGregor Burns

Table 4.9 contains the number and table 4.10 the percentages of pre and post respondents that are divorced, married and single for all the respondents in aggregate as well as for each group of respondents separately.

Table 4.9: The number of divorced, married and single respondents

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Marital status	Number of respondents										
Missing	5	4		1	0	4	4	0	0	0	0
Divorced	2	5		0	0	1	0	1	3	0	2
Married	27	32		10	9	4	3	7	18	6	2
Single	923	603		52	48	221	368	6	9	644	178
Total	957	644		63	57	230	375	14	30	650	182

Table 4.10: The percentage (%) of divorced, married and single respondents

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Marital status	Percentage of respondents										
Divorced	0.21	0.78		0.00	0.00	0.44	0.00	7.14	10.00	0.00	1.10
Married	2.84	5.00		16.13	15.79	1.77	0.81	50.00	60.00	0.92	1.10
Single	96.95	94.22		83.87	84.21	97.79	99.19	42.86	30.00	99.08	97.80
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post marital status profiles for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

For all the respondents in aggregate, the single respondents (96,95% - pre; 94,22% - post) considerably outnumber the married respondents (2,84% - pre; 5% - post) and divorced respondents (0,21% - pre; 0,78% post). The marital status profile of all the respondents in aggregate are in line with what is expected if taken into consideration that the mean age (refer to section 4.2.1) of the respondents in aggregate is 21,13 years for the pre group and 22,21 years for the post group.

The only groups that have a notable number of married respondents are the CUT (16,13% - pre; 15,79% - post) and UFS (MBA group) (50% - pre; 60% - post). This is congruent with the age (refer to section 4.2.1) and later life stage that the majority of these respondents' find themselves in compared to respondents from UFS (EBS-group) and UJ.

4.2.4 ETHNICITY

"It is the mark of the cultured man that he is aware of the fact that equality is an ethical and not a biological principle."

Ashley Montagu

Table 4.11 contains the number and table 4.12 the percentage of pre and post respondents per ethnicity for all the respondents in aggregate as well as for each group of respondents separately.

Table 4.11: The number of respondents per ethnicity

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Ethnicity	Number of respondents										
Missing	6	4		1	0	4	4	0	0	1	0
Asian	52	14		0	0	3	3	0	0	49	11
Black	683	471		58	54	130	267	9	17	486	133
Coloured	37	20		3	2	13	15	0	0	21	3
Diverse	16	7		0	0	7	4	0	0	9	3
White	163	128		1	1	73	82	5	13	84	32
Total	957	644		63	57	230	375	14	30	650	182

Table 4.12: The percentage (%) of respondents per ethnicity

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Ethnicity	Percentage of respondents										
Asian	5.5	2.19		0	0	1.3	0.81	0	0	7.6	6.04
Black	72	73.6		94	94.7	58	72	64	56.7	75	73.1
Coloured	3.9	3.13		4.8	3.51	5.8	4.04	0	0	3.2	1.65
Diverse	1.7	1.09		0	0	3.1	1.08	0	0	1.4	1.65
White	17	20		1.6	1.75	32	22.1	36	43.3	13	17.6
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post ethnic profiles for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

For all the respondents in aggregate, the black respondents (71,82% - pre; 73,59% - post) considerably outnumber respondents from all the other ethnic groupings. The ethnicity of the second-most respondents is Caucasians (white respondents) (17,14% - pre; 20% - post), followed by Asians (5,47% - pre; 2,19% - post) and Coloureds (3,89% - pre; 3,13% - post). The least ethnically diverse groups are the UFS's MBA group with only black and white respondents and the CUT group which also has coloured respondents.

It is notable that the UFS (EBS group) has a greater percentage of white and coloured respondents than the CUT and UJ. One should keep in mind that the majority of white and coloured persons in South Africa are Afrikaans speaking and the density of the white and coloured population is fairly high in the central region of South Africa as compared to, for instance, regions located further north. A possible explanation for the higher percentage of white and coloured respondents for the UFS EBS group may be a combination⁵⁸ of the factors that:

- a.) The UFS is bilingual university and the EBS course is presented in both English and Afrikaans; and
- b.) The UFS is located in the central region of South Africa.

The MBA group of the UFS has an even higher percentage of white students than the EBS group. However, the business ethics course for the MBA group is not

⁵⁸ Specifically a combination of these facts are mentioned as a possible reason for the higher percentage of white and coloured respondents at the UFS for the EBS course. The UJ and CUT each have one of the two named factors present: a.) The business ethics course at UJ are also presented in both Afrikaans and English; and b.) The CUT is also located in the central region of South Africa.

presented in Afrikaans (the course is solely presented in English) and thus, presentation language cannot be the reason for the higher prevalence of white students in this case. A possible reason for the high percentage of white respondents may be related to the apartheid history of South Africa. The MBA programme focuses on persons in management (senior) positions. The representation of white South Africans in such “high-ranking” positions may still be disproportionately high due to the (educational) privileges and advantages that they enjoyed during the era before 1994.

The group from UJ is the only group within which Asian students are notably represented (7,55% - pre; 6,04% - post). The respondents at both the UJ and CUT are, however, predominantly black (UJ: 74,88% - pre; 73,08% - post) (CUT: 93,55% - pre; 94,74% - post).

4.2.5 NATIONALITY (CITIZENSHIP)

“A man without ethics is a wild beast loosed upon this world.”

Albert Camus

Table 4.13 contains the number and table 4.14 the percentage of pre and post respondents that are citizens of specific countries for all the respondents in aggregate as well as for each group of respondents separately. Only the most prevalent countries are listed in table 4.14. All the other countries are marked with asterisks (*) in table 4.13 and grouped together under an item named “Other” in table 4.14.

Table 4.13: The number of respondents per nationality (citizenship)

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Country of citizenship	Number of respondents										
Missing	8	10		0	0	6	8	1	0	1	2
Angola*	0	1		0	0	0	0	0	0	0	1
Botswana*	0	1		0	1	0	0	0	0	0	0
China*	3	0		0	0	2	0	0	0	1	0
DRC*	2	2		0	0	0	2	0	0	2	0
France*	2	2		0	0	0	0	2	2	0	0
Gabon*	1	1		0	0	0	0	0	1	1	0
Lesotho	14	23		5	10	3	4	4	8	2	1
Lithuania*	1	0		0	0	0	0	0	0	1	0
Malawi*	1	0		0	0	0	0	0	0	1	0
Mauritius*	0	1		0	0	0	0	0	0	0	1
Mozambique*	1	0		0	0	0	0	0	0	1	0
Namibia*	1	3		0	0	1	3	0	0	0	0
Nigeria*	0	1		0	0	0	0	0	1	0	0
South Africa	896	565		58	46	212	348	7	18	619	153
Swaziland*	2	2		0	0	0	0	0	0	2	2
Taiwan*	0	1		0	0	0	1	0	0	0	0
Zimbabwe	25	31		0	0	6	9	0	0	19	22
Total	957	644		63	57	230	375	14	30	650	182

Table 4.14: The percentages (%) of respondents per nationality (citizenship)

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Country of citizenship	Percentage of respondents										
Lesotho	1.48	3.63		7.94	17.54	1.34	1.09	30.77	26.67	0.31	0.56
Other	1.48	2.37		0.00	1.75	1.34	1.63	15.38	13.33	1.39	2.22
South Africa	94.42	89.12		92.06	80.70	94.64	94.82	53.85	60.00	95.38	85.00
Zimbabwe	2.63	4.89		0.00	0.00	2.68	2.45	0.00	0.00	2.93	12.22
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post citizenship/nationality profiles for all the respondents in aggregate as well as for each group of respondents separately will be provided.

For all the respondents in aggregate (94,42% - pre; 89,12% - post), as well as for each group of respondents separately, South African citizens are in the vast majority. The only other two nationalities that were represented in noteworthy numbers are respondents from Lesotho (in aggregate: 1,48% - pre; 3,63% - post) and Zimbabwe (in aggregate: 2,63% - pre; 4,89% - post).

The groups with the largest percentages of respondents from Lesotho were the CUT (7,94% - pre; 17,54% - post) and the UFS's MBA group (30,77% - pre; 26,67% - post). These statistics are congruent with the geographical locality of these two universities in the central region of South Africa in Bloemfontein, which is close to Lesotho compared to most other South African universities. For both these groups, the number of respondents from Lesotho doubled from pre to post (CUT: 5 – pre; 10 – post) (MBA: 4 – pre; 8 – post). The poor attendance of students from Lesotho at the first lectures can probably be attributed to transport difficulties and problems to pass through the border post to South Africa.

The groups with the largest percentages of Zimbabwean citizens are UJ (2,93% - pre; 12,22% - post) and the UFS's EBS group (2,68% - pre; 2,45% - post).

4.2.6 MOTHER TONGUE

*“The value of a man should be seen in what he
gives and not in what he is able to receive.”*

Albert Einstein

Table 4.15 contains the number and table 4.16 the percentage of pre and post respondents per mother tongue for all the respondents in aggregate as well as for

each group of respondents separately. Only the most prevalent mother tongues are listed in table 4.16. All the other languages are marked with asterisks (*) in table 4.15 and grouped together under an item named “Other” in table 4.16. Of the eleven most prevalent languages specifically listed in table 4.16, ten are official South African languages (the only official South African language that is not listed in table 4.16 is IsiNdebele). The only language listed in table 4.16 which is not an official South African language is Shona, which is mainly spoken in Zimbabwe.

Table 4.15: The number of respondents per mother tongue

	TOTAL		CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post	pre	post	pre	post	pre	post	pre	post
Language	Number of respondents									
Missing	9	11	1	1	6	6	1	0	1	4
Afrikaans	140	124	5	4	85	81	2	7	48	32
Cantonese*	1	1	0	0	0	0	0	0	1	1
Chinese*	4	1	0	0	3	1	0	0	1	0
English	123	45	0	0	14	25	1	6	108	14
Fang*	1	0	0	0	0	0	0	0	1	0
French*	4	3	0	0	0	1	2	2	2	0
IsiNdebele*	11	4	0	0	1	1	0	0	10	3
IsiXhosa	85	82	11	9	21	58	0	0	53	15
IsiZulu	129	56	5	3	4	18	3	3	117	32
Lithuanian*	1	0	0	0	0	0	0	0	1	0
Sepedi	80	26	0	0	8	11	0	0	72	15
Sepulana*	2	1	0	0	0	1	0	0	2	0
Sesotho	130	136	31	32	42	83	4	9	53	12
Setswana	109	75	10	8	33	56	0	0	66	11
Shona	20	27	0	0	2	7	0	0	18	20
SiSwati	24	9	0	0	4	3	0	0	20	6
Spanish*	1	0	0	0	0	0	0	0	1	0
Taiwanese*	0	2	0	0	0	2	0	0	0	0
Tamil*	1	3	0	0	0	0	0	3	1	0
Tshivenda*	45	25	0	0	4	14	1	0	40	11
Urdu*	1	0	0	0	0	0	0	0	1	0
Xitsonga	36	13	0	0	3	7	0	0	33	6
Total	957	644	63	57	230	375	14	30	650	182

Table 4.16: The percentage (%) of respondents per mother tongue

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Language	Percentage of respondents										
Afrikaans	14.77	19.59		8.06	7.14	37.95	21.95	15.38	23.33	7.40	17.98
English	12.97	7.11		0.00	0.00	6.25	6.78	7.69	20.00	16.64	7.87
IsiXhosa	8.97	12.95		17.74	16.07	9.38	15.72	0.00	0.00	8.17	8.43
IsiZulu	13.61	8.85		8.06	5.36	1.79	4.88	23.08	10.00	18.03	17.98
Other	2.85	2.37		0.00	0.00	1.79	1.63	15.38	16.67	3.24	2.25
Sepedi	8.44	4.11		0.00	0.00	3.57	2.98	0.00	0.00	11.09	8.43
Sesotho	13.71	21.48		50.00	57.14	18.75	22.49	30.77	30.00	8.17	6.74
Setswana	11.50	11.85		16.13	14.29	14.73	15.18	0.00	0.00	10.17	6.18
Shona	2.11	4.27		0.00	0.00	0.89	1.90	0.00	0.00	2.77	11.24
SiSwati	2.53	1.42		0.00	0.00	1.79	0.81	0.00	0.00	3.08	3.37
Tshivenda	4.75	3.95		0.00	0.00	1.79	3.79	7.69	0.00	6.16	6.18
Xitsonga	3.80	2.05		0.00	0.00	1.34	1.90	0.00	0.00	5.08	3.37
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post mother tongue profiles for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

For all the respondents in aggregate, the Sotho speaking respondents (13,71% - pre; 21,48% - post) outnumber respondents from all the other mother-tongue groupings. The mother tongue with the second most respondents is Afrikaans (14,77% - pre; 19,59% - post). Other languages with high prevalence are Setswana (11,5% - pre; 11,85% post), IsiZulu (13,61% - pre; 8,85% post), IsiXhosa (8,97% - pre; 12,95% - post) and English (12,97% - pre; 7,11% post).

The majority of respondents from the CUT are Sesotho speaking (50% - pre; 57,14% - post) followed by IsiXhosa (17,74% - pre; 16,07% - post) and Setswana (16,13% - pre; 14,29% - post). This is congruent with the predominantly black ethnicity of the

CUT students (see section 4.2.4) and South Africa and Lesotho being the countries that the majority of CUT students are citizens of (refer to section 4.2.5).

The two main mother tongues of the UFS's EBS and MBA-groups are Afrikaans (EBS: 37,95% - pre; 21,95% - post) (MBA: 15,38% – pre; 23,33% - post) and Sesotho (EBS: 18,75% - pre; 22,49% - post) (30,77% - pre; 30% - post). Just as with the CUT-group, this is in line with the findings on the majority ethnicities (being black and white) and countries of citizenship (being South Africa and Lesotho) of students from the UFS's EBS and MBA-groups (see sections 4.2.4 and 4.2.5 respectively).

The greatest diversity and most even distribution of mother tongues are among the respondents from UJ. The most prevalent language is IsiZulu (18,03% - pre; 17,98% - post). Other native South African languages that are well represented are Sepedi (11,09% - pre; 8,43% - post), IsiXhosa (8,17% - pre; 8,43% - post), Setswana (10,17% - pre; 6,18% - post) and Sesotho (8,17% - pre; 6,74% - post). After IsiZulu, Afrikaans (7,40% - pre; 17,98% - post) and English (16,64% - pre; 7,87% - post) are the two most prevalent languages among respondents from UJ.

4.2.7 RELIGIOUS ORIENTATION

*"The true measure of a man is how he treats someone
who can do him absolutely no good."*

Ann Landers

Table 4.17 contains the number and table 4.18 the percentage of pre and post respondents per religious orientation for all the respondents in aggregate as well as for each group of respondents separately. Only the most prevalent religious orientations are listed in table 4.18. All the other religious orientations are marked

with asterisks (*) in table 4.17 and grouped together under an item named “Other” in table 4.17.

Table 4.17: The number of respondents per religion

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Religious orientation	Number of respondents										
Missing	17	11		0	0	8	7	1	0	8	4
African Ancestry	21	5		4	2	3	2	0	0	14	1
Agnostic	1	0		0	0	0	0	0	0	1	0
Atheism	17	11		0	0	3	7	2	2	12	2
Buddhism	3	1		0	0	0	0	0	0	3	1
Christianity	835	607		58	55	213	358	11	28	553	166
Combination	4	1		1	0	0	0	0	0	3	1
Hinduism	20	4		0	0	0	0	0	0	20	4
Islam	27	4		0	0	3	1	0	0	24	3
Judaism	12	0		0	0	0	0	0	0	12	0
Total	957	644		63	57	230	375	14	30	650	182

Table 4.18: Percentage (%) of respondents per religion

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Religious orientation	Percentage of respondents										
African Ancestry	2.23	0.79		6.35	3.51	1.35	0.54	0.00	0.00	2.18	0.56
Atheism	1.81	1.74		0.00	0.00	1.35	1.90	15.38	6.67	1.87	1.12
Christianity	88.83	95.89		92.06	96.49	95.95	97.28	84.62	93.33	86.14	93.26
Hinduism	2.13	0.63		0.00	0.00	0.00	0.00	0.00	0.00	3.12	2.25
Islam	2.87	0.63		0.00	0.00	1.35	0.27	0.00	0.00	3.74	1.69
Other	2.13	0.32		1.59	0.00	0.00	0.00	0.00	0.00	2.96	1.12
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post religious orientation profiles for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

For all the respondents in aggregate (88,83% - pre; 95,89% - post), as well as for each group of respondents separately, Christians are in the vast majority. The only other religious orientations that were represented in noteworthy numbers are Islam (in aggregate: 2,87% - pre; 0,63% - post), African Ancestry (in aggregate: 2,23% - pre; 0,79% - post), Hinduism (in aggregate: 2,23% - pre; 0,79% - post) and Atheism (in aggregate: 1,81% - pre; 1,74% - post).

The groups with the least diversity regarding religious orientation are the UFS's MBA group with only Christians (84,64% - pre; 93,33% - post) and Atheists (15,38% - pre; 6,67% - post) and the CUT-group with only Christians (92,49% - pre; 96,49% - post), followers of African Ancestry (6,35% - pre; 3,51% - post) and one follower of a combination of religious orientations in the pre group.

The greatest diversity and most even distribution of religious orientations are among the respondents from UJ. The most prevalent religion is Christianity (86,14% - pre; 93,26% - post). Religious orientations that appeared among the UJ respondents but not among any of the other three groups' respondents are Buddhism (0,47% - pre; 0,16% - post), Hinduism (3,12% - pre; 2,25% - post) and Judaism (1,87% - pre; 0% - post). This is congruent with the greater percentage of Asian respondents from UJ as compared to the other groups (refer to section 4.2.4).

4.2.8 WORK EXPERIENCE

“Ethics is in origin the art of recommending to others the sacrifices required for cooperation with oneself.”

Bertrand Russell

Table 4.19 contains the number and table 4.20 the percentage of pre and post respondents per category of duration of cumulative full-time work experience for all the respondents in aggregate as well as for each group of the respondents separately.

Table 4.19: Number of respondents per category of duration of cumulative full-time work experience

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Duration of work experience	Number of respondents										
Missing	30	15		0	0	9	7	1	0	20	8
>10 years	19	31		4	8	3	5	5	17	7	1
5-10 years	21	18		5	3	1	4	5	9	10	2
2-5 years	87	52		11	10	13	27	2	3	61	12
0-1 years	185	122		20	18	55	65	1	1	109	38
None	615	406		23	18	149	267	0	0	443	121
Total	957	644		63	57	230	375	14	30	650	182

Table 4.20: Percentage (%) of respondents per category of duration of cumulative full-time work experience duration

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Duration of work experience	Percentage of respondents										
>10 years	2.05	4.93		6.35	14.04	1.36	1.36	38.46	56.67	1.11	0.57
5-10 years	2.27	2.86		7.94	5.26	0.45	1.09	38.46	30.00	1.59	1.15
2-5 years	9.39	8.27		17.46	17.54	5.88	7.34	15.38	10.00	9.68	6.90
0-1 years	19.96	19.40		31.75	31.58	24.89	17.66	7.69	3.33	17.30	21.84
None	66.34	64.55		36.51	31.58	67.42	72.55	0.00	0.00	70.32	69.54
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post categories of duration of cumulative full-time work experience (hereafter referred to simply as “work experience”) for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

For all the respondents in aggregate, the respondents with no work experience (66,34% - pre; 64,55% - post) outnumber respondents from all other categories. This is in line with:

- The age range of 19-21 years (77,86% - pre; 67,94% - post) that the majority of students in aggregate fall into; and
- The mean age of students in aggregate (21,13 years – pre; 22,21 years – post), if taken into consideration that the majority of students are in their second year of commenced their relevant tertiary study directly after completing their National Senior Certificate (“grade 12”) at the typical age of 18 or 19 years.

The majority of students at the CUT has either no work experience (36.51% - pre; 31,58% - post) or up to one year work experience (31,75% - pre; 31,58% - post). This is congruent with the age range of 22-24 years (38,1% - pre; 40,35% - post) and 25-27 years (23,81% - pre; 17,54% - post) that the majority of students from the CUT fall into, if taken into consideration that they are in their forth year of study and the majority of students commenced their relevant tertiary study directly after completing their National Senior Certificate ("grade 12") at the typical age of 18 or 19 years. There is a greater percentage of students from the CUT that have more than one year of work experience, if compared to respondents from the UFS's EBS group and the UJ group. This is congruent with the mean age of students at the CUT, which is 26,55 years for the pre group and 27,63 years for the post group.

The UFS's EBS group and the UJ group are very similar with regards to respondents' work experience profiles. The majority of respondents for both these groups have no work experience (EBS: 67,42% - pre; 72,55% - post) (UJ: 70,32% - pre; 69, 54% - post). This is congruent with the age profiles of both of these groups, (which are also very similar - refer to section 4.2.1 for more detail) if taken into consideration that the majority of students are in their second year of study and commenced their relevant tertiary education directly after completing their National Senior Certificate ("grade 12") at the typical age of 18 or 19 years. The majority of respondents for both the UFS's EBS group and the UJ group fall into the age range of 19-21 years (EBS: 84,23% - pre; 76,78% - post) (UJ: 84,93% - pre; 83,33% - post). The mean ages of respondents from the UFS's EBS group and the UJ-group are respectively 19,92 and 20,05 years for the pre groups and 20,43 and 19,7 years for the post groups.

There are no respondents from the UFS's MBA group that do not have any work experience. This is in line with the admission requirements to the MBA programme that require applicants to have at least three years of relevant managerial/work experience (unless decided otherwise by the admission committee) (UFS, 2012). The majority of respondents from this group have more than ten years' of work experience (38,46% – pre; 56,67% - post) or between five and ten years' of work

experience (38,46 % - pre; 30,00% - post). This is congruent with the age profile for the UFS's MBA group (refer to section 4.2.1), according to which the mean age of students are 33,86 years for the pre group and 36,67 years for the post group and the majority of respondents fall into the age range of 31-40 years (50% - pre; 56,67% - post).

4.2.9 ACADEMIC PROGRAMME

*"We are all here on earth to help others; what on earth
the others are here for I don't know."*

W. H. Auden

Table 4.21 contains the number and table 4.22 the percentage of pre and post respondents that are registered per academic programme for all the respondents in aggregate as well as for each group of respondents separately. Only the most prevalent academic programmes are listed in table 4.22. All the other academic programmes are marked with asterisks (*) in table 4.21 and grouped together under an item named "Other" in table 4.22.

Table 4.21: Number of respondents per academic programme

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post			pre	post	pre	post	pre	post	pre
Academic programme	Number of respondents										
Missing	14	6		0	0	6	3	0	0	8	3
B. Accounting	531	252		0	0	120	117	0	0	411	135
B.Com. Accounting	296	294		0	0	102	254	0	0	194	40
B.Com. Financial Management*	1	0		0	0	1	0	0	0	0	0
B.Com. Information Management*	14	0		0	0	0	0	0	0	14	0
B.Com. IT Management*	22	4		0	0	0	1	0	0	22	3
B.Com. Marketing*	1	0		0	0	0	0	0	0	1	0
B.Tech. Cost and Management Accounting	19	15		18	15	1	0	0	0	0	0
B.Tech. Financial Information Systems	13	16		13	16	0	0	0	0	0	0
B.Tech. Internal Auditing	32	26		32	26	0	0	0	0	0	0
Engineering*	0	1		0	0	0	0	0	0	0	1
MBA	14	30		0	0	0	0	14	30	0	0
Total	957	644		63	57	230	375	14	30	650	182

Table 4.22: Percentage of respondents per academic programme

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Academic programme	Percentage of respondents										
B. Accounting	56.31	39.50		0.00	0.00	53.57	31.45	0.00	0.00	64.02	75.42
B.Com. Accounting	31.39	46.08		0.00	0.00	45.54	68.28	0.00	0.00	30.22	22.35
B.Tech. Cost and Management Accounting	2.01	2.35		28.57	26.32	0.45	0.00	0.00	0.00	0.00	0.00
B.Tech. Financial Information Systems	1.38	2.51		20.63	28.07	0.00	0.00	0.00	0.00	0.00	0.00
B.Tech. Internal Auditing	3.39	4.08		50.79	45.61	0.00	0.00	0.00	0.00	0.00	0.00
MBA	1.48	4.70		0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00
Other	4.03	0.78		0.00	0.00	0.45	0.27	0.00	0.00	5.76	2.23
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and academic programme profiles for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

For all the respondents in aggregate, students studying B.Accounting (56,31% - pre; 39,5% - post) and B.Com. Accounting (31,39% - pre; 46,08% - post) are in the majority. All the respondents from the CUT are registered for one of three accounting related B.Tech.degrees (listed in tables 4.17 and 4.18), the majority being registered for B. Tech. Internal Auditing (50,79% - pre; 45,61% - post). All the UFS's MBA respondents are registered for the MBA programme (100% - pre; 100% - post). The vast majority of the UFS's EBS-group and the UJ-group are registered for either B.Accounting (EBS: 53,57% - pre; 31,45% - post) (UJ: 64,02%; 75,42%) or B.Com. Accounting (EBS: 53,57% - pre; 31,45% - post) (UJ: 30,22% - pre; 22,35% - post). The remainder of these two groups' respondents are mainly registered for a variety of B.Com. degrees.

4.2.10 PREVIOUS EXPOSURE TO ETHICS EDUCATION

"It's not hard to make decisions when you know what your values are."

Roy Disney

Table 4.23 contains the number and table 4.24 the percentage of pre and post respondents that have (and that have not) been previously exposed to ethics education for all the respondents in aggregate as well as for each group of the respondents separately.

Table 4.23: The number of respondents that have (and that have not been) previously exposed to ethics education

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Previous ethics education	Number of respondents										
Missing	12	17		0	0	8	11	0	1	4	5
No	528	405		48	43	145	257	10	15	325	90
Yes	417	222		15	14	77	107	4	14	321	87
Total	957	644		63	57	230	375	14	30	650	182

Table 4.24: The percentage (%) of respondents that have (and that have not been) previously exposed to ethics education

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Previous ethics education	Percentage of respondents										
No	55.87	64.59		76.19	75.44	65.32	70.60	71.43	51.72	50.31	50.85
Yes	44.13	35.41		23.81	24.56	34.68	29.40	28.57	48.28	49.69	49.15
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post categories of respondents' previous exposure to ethics education for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

For all the respondents in aggregate (55,87% - pre; 64,59% - post), as well as for each group of respondents separately, respondents that have not been previously exposed to ethics education, are in the majority.

The group of students from which the smallest percentage has had previous exposure to ethics education, are the respondents from the CUT (23,81% - pre; 24,56% - post). The group of students from which the largest percentage has had previous exposure to ethics education, are the respondents from the UJ (49,59% - pre; 49,15% - post).

If a similar study is to be performed in future, this question should perhaps be better formulated as to ask whether the respondent has been exposed specifically to any formal business ethics education/training previously, since it is suspected that the high percentage of respondents that that students might have perceived for example church courses on ethics or school subjects such as life orientation (in which the subject of ethics might be briefly touched upon) as relevant to this question.

4.2.11 REPETITION OF COURSE

*“This above all - to thine own self be true, and it must follow, as
the night the day, thou canst not then be false to any man.”*

William Shakespeare

Table 4.25 contains the number and table 4.26 the percentage of pre and post respondents that are (and that are not) repeating the relevant business ethics course for all the respondents in aggregate as well as for each group of the respondents separately.

Table 4.25: The number of respondents that are (and that are not) repeating the relevant business ethics course

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Repetition of course	Number of respondents										
Missing	10	12		0	0	6	4	0	1	4	7
No	922	581		54	51	212	329	14	29	642	172
Yes	25	51		9	6	12	42	0	0	4	3
Total	957	644		63	57	230	375	14	30	650	182

Table 4.26: The percentage (%) of respondents that are (and that are not) repeating the relevant business ethics course

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Repetition of course	Number of respondents										
No	97.36	91.93		85.71	89.47	94.64	88.68	100.00	100.00	99.38	98.29
Yes	2.64	8.07		14.29	10.53	5.36	11.32	0.00	0.00	0.62	1.71
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post categories of respondents' repetition of the relevant business ethics courses for all the respondents in aggregate as well as for each group of respondents separately will be provided.

For all the respondents in aggregate (97,36% - pre; 91,93% - post), as well as for each group of respondents separately, respondents that are taking the relevant business ethics course for the first time are in the vast majority.

The group of respondents from which the largest percentage are repeating the course are the respondents from the CUT (14,29% - pre; 10,53% - post). The group

of students from which the smallest percentage are repeating the course are the UFS's MBA respondents (0% - pre; 0% - post).

4.2.12 HIGHEST ACADEMIC QUALIFICATION OBTAINED

“The moral sense, or conscience, is as much a part of man as his leg or his arm.”

Thomas Jefferson

Table 4.27 contains the number and table 4.28 the percentage of pre and post respondents per highest academic qualification obtained for all the respondents in aggregate as well as for each group of respondents separately. Only the most prevalent academic qualifications are specifically listed in table 4.28. Honours and Master's degrees, as well as Postgraduate Certificates (all marked with hash signs (#) in table 2.27), are grouped together under “Postgraduate Qualifications” in table 2.28. The General Certificate of Education (GCE) and National Higher Certificate (both marked with asterisks (*) in table 2.27) are grouped together under an item named “Other” in table 4.28.

Table 4.27: The number of respondents per highest academic qualification obtained

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Highest qualification	Number of respondents										
Missing	8	9		0	0	7	4	0	1	1	4
Bachelor`s Degree	33	27		0	0	4	5	10	17	19	5
General Certificate of Education*	11	10		0	0	1	2	3	3	7	5
Honours degree#	0	5		0	0	0	0	0	5	0	0
Masters degree#	1	4		0	0	0	0	0	4	1	0
National Diploma	97	67		62	56	5	4	1	0	29	7
National Higher Certificate*	12	12		0	0	4	8	0	0	8	4
Natational Senior Certificate	794	508		0	0	209	352	0	0	585	156
Postgraduate Certificate#	1	2		1	1	0	0	0	0	0	1
Total	957	644		63	57	230	375	14	30	650	182

Table 4.28: The percentage (%) of respondents per highest academic qualification obtained

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Highest qualification	Percentage of respondents										
Bachelor`s Degree	3.48	4.25		0.00	0.00	1.79	1.35	71.43	58.62	2.93	2.81
National Diploma	10.22	10.55		98.41	98.25	2.24	1.08	7.14	0.00	4.47	3.93
National Senior Certificate	83.67	80.00		0.00	0.00	93.72	94.88	0.00	0.00	90.14	87.64
Other	2.42	3.46		0.00	0.00	2.24	2.70	21.43	10.34	2.31	5.06
Postgraduate Qualification	0.21	1.73		1.59	1.75	0.00	0.00	0.00	31.03	0.15	0.56
Total	100	100		100	100	100	100	100	100	100	100

Subsequently, a brief discussion on the pre and post categories of respondents' highest academic qualifications obtained for all the respondents in aggregate as well as for each group of respondents separately, will be provided.

For all the respondents in aggregate, the highest academic qualification obtained by the vast majority of students are a National Senior Certificate ("grade 12") (83,67% - pre; 80% - post).

The highest qualification obtained by all but one student from the CUT is a National Diploma (98,41% - pre; 98,25% - post). All the respondents from the CUT were registered for one of three B.Tech.degrees (their fourth year of study) (refer to tables 4.27 and 4.28 for listings of the three degrees). To be able to register for one of these B.Tech. degrees, students first have to obtain a relevant three-year National Diploma.

The highest qualification obtained by the majority of students from the UFS's EBS-group and the UJ-group is a National Senior Certificate (EBS: 93,72% - pre; 94,88%

- post) (UJ: 90,14% - pre; 87,64% - post). If the age profiles (refer to section 4.2.1 and 4.2.8) of students from these to groups are taken into consideration, it cannot reasonably be expected that a considerably higher percentage of students should have obtained a higher academic qualification than a National Senior Certificate.

The highest qualification obtained by the majority of students from the UFS's MBA-group is a Bachelor's Degree (71,43% - pre; 58,62% - post), which is the minimum academic qualification required to obtain admission to the MBA-program (UFS, 2012).

4.2.13 CONCLUSION ON POPULATION AND DEMOGRAPHICS

"I would prefer even to fail with honor than win by cheating."

Sophocles

From the above brief discussion of the demographics and other characteristics of the population it is apparent that the population of the study is roughly representative of the portion of the South African population that underwent tertiary education.

4.3 RESULTS OF EMPIRICAL STUDY

"It is important that people know what you stand for.

It's equally important that they know what you won't stand for."

Mary Waldrop

As mentioned under section 4.1.2.2, the questionnaire (refer to annexure A and B) that the students were required to complete was divided into two main sections. "Part A" of the questionnaire was designed to gather demographic information of the

respondents and was dealt with under section 4.2. “Part B” of the questionnaire contains business ethics scenarios and questions that was designed to gather information on students’ ethical reasoning and perceptions, before and after students completed one of the four courses selected for the empirical section of this study.

Subsequently, the responses of students on the specific business ethics scenarios and questions, as gathered by means of “Part B” of the questionnaire, will be discussed briefly with regards to the following divisions:

4.3.1 Question 1 – Blood donation

4.3.1.1 Response to question 1.a – “The Blood Donation Service should pay people for donating blood”

4.3.1.2 Response to question 1.b.i – Motivations to affirmative responses on question 1.a

4.3.1.3 Response to question 1.b.ii – Motivations to negative responses on question 1.a

4.3.2 Question 2 – Copyright, plagiarism, honesty and leadership

4.3.2.1 Response to question 2.a – “Did Emmanuel do anything wrong by not acknowledging or referring to the articles and presentations?”

4.3.2.2 Response to question 2.b.i – Motivations to affirmative responses on question 2.a

4.3.2.3 Response to question 2.b.ii – Motivations to negative responses on question 2.a

4.3.2.4 Response to question 2.c – “What advice should father Good give Emmanuel?”

4.3.3 Question 3 – Labour practices, cultural sensitivity/diversity, human rights and environmental preservation

4.3.3.1 Response to question 3.a – “Should SAGold hold a disciplinary hearing because the man was in jail?”

4.3.3.2 Response to question 3.b – “Should SAGold fire the man because he was in jail?”

4.3.3.3 Response to question 3.c – “The tradition of the man is more important than SAGold’s policy”

4.3.3.4 Response to question 3.d – “If this man was a South African citizen, he should have been treated differently by SAGold”

4.3.4 Question 4, 5 and 6 – Ethical perceptions

4.3.4.1 Response to question 4 – Perceptions regarding the ethicality of persons in certain occupations

4.3.4.2 Response to question 5 – Perceptions regarding the extent of influence certain factors have on ethical decision-making

4.3.4.3 Response to question 6 – Perceptions regarding the greatest problems facing South Africa

The results of the concerned questions will be discussed briefly, not by means of advanced statistical analyses, but mainly by making use of frequency tables and percentages. Note that all percentages were calculated excluding the missing data. All result will not be discussed and only the most important findings will be emphasized.

4.3.1 QUESTION 1 – BLOOD DONATION

*“The worst sin toward our fellow creatures is not to hate them,
but to be indifferent to them: that’s the essence of inhumanity.”*

George Bernard Shaw

In question 1 an everyday scenario to which students can relate was sketched. Any person 16 years and older which fulfil specific health requirements may donate blood. By donating blood a donor may make an important contribution in saving the life of a person that is in need of blood, for instance, pre-maturely born babies, cancer patients and persons that were involved in motor vehicle accidents. In South Africa, blood donors do not receive remuneration for donating blood.

This question is complex and multidimensional because it was designed not only to determine students’ altruistic propensity (i.e. donating blood to help another person without receiving remuneration), but also their practical business ethics orientated perceptions (for instance, from an utilitarian perspective if remuneration was offered for donating blood it would be likely that more potential donors would be attracted to donate and more lives could be saved).

In question 1.a (see section 4.3.1.1 for a full discussion) a closed-ended, dichotomous (yes/no) response option was provided (refer to section 4.1.2.2 for more on this topic). Both questions 1.b.i and 1.b.ii (see sections 4.3.1.2 and 4.3.1.3 respectively) were open-ended questions (refer to section 4.1.2.2 for more on this topic). For these two questions, the responses provided by the students were summarised and coded (refer to tables 4.31 and 4.33).

4.3.1.1 RESPONSE TO QUESTION 1.a – “THE BLOOD DONATION SERVICE SHOULD PAY PEOPLE FOR DONATING BLOOD”

“A moral being is one who is capable of reflecting on his past actions and their motives - of approving of some and disapproving of others.”

Charles Darwin

In response to this question students only had to answer either “yes” or “no” to whether they thought *“the Blood Donation Service should pay people for donating blood”*. Respondents that answered “no” indicated that they were not in favour of blood donors receiving remuneration and respondents that answered “yes” indicated they were in favour of blood donors receiving remuneration.

Table 4.29 contains the number and table 4.30 the percentage of pre and post respondents that were not in favour of blood donors receiving remuneration (“no”) and that were in favour of blood donors receiving remuneration (“yes”).

Table 4.29: Results (number of respondents) to question 1.a

	TOTAL			CUT		UFSEBS		UFSMBA		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Number of respondents										
Missing	10	16		0	0	9	7	0	2	1	7
No	781	521		54	53	176	300	9	25	542	143
Yes	166	107		9	4	45	68	5	3	107	32
Total	957	644		63	57	230	375	14	30	650	182

Table 4.30: Results (percentage of respondents) to question 1.a

	TOTAL			CUT		UFSEBS		UFSMBA		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
No	82.47	82.96		85.71	92.98	79.64	81.52	64.29	89.29	83.51	81.71
Yes	17.53	17.04		14.29	7.02	20.36	18.48	35.71	10.71	16.49	18.29
Total	100	100		100	100	100	100	100	100	100	100

The following is a brief discussion on the pre and post categories of students' responses to question 1.a for all the respondents in aggregate as well as for certain of the group of respondents separately.

Although the vast majority of respondents indicated that they were not in favour of blood donors receiving remuneration (82,47% - pre; 82,96% – post), there was only a 0,49% increase from pre to post in these negative responses.

The groups that showed the greatest increase in negative responses were the CUT with a 7,27% increase (85,71% - pre; 92,98% - post) and the UFS's MBA group with a 25% increase (64,29% - pre; 89,29% - post). The CUT also had the largest percentage of pre and post respondents respectively that gave negative responses. Negative responses from the UFS's EBS group increased by 1,88% from pre to post, which is a considerably smaller increase than at the CUT and UFS's MBA groups. UJ was the only group which showed a decline in negative responses (or an increase in affirmative responses). The decline in negative responses from pre to post at the UJ group was however only 1,8% (83,51% - pre; 81,71% - post) which is small compared to the increases that took place at the other three groups.

Overall, there was an increase in the percentage of respondents that were not in favour of donors receiving remuneration, which may indicate a possible increase in respondents' recognition of their personal social responsibility and altruistic propensity.

4.3.1.2 RESPONSE TO QUESTION 1.b.i – MOTIVATIONS TO AFFIRMATIVE RESPONSES ON QUESTION 1.a

“Man is an animal with primary instincts of survival. Consequently, his ingenuity has developed first and his soul afterward. Thus the progress of science is far ahead of man’s ethical behavior.”

Charlie Chaplin

From an ethical point of view, “yes” is the undesirable response to question 1.a. In table 4.30 it was indicated that 17,53% of the pre and 17,04% of the post respondents answered “yes” to question 1.a (see section 4.3.1.1 above). The motivations provided by these respondents to why they answered affirmatively to question 1.a are provided in table 4.31 and were distributed among the concerned respondents (according to percentage) as indicated in table 4.32.

Table 4.31: Summary of coded motivations provided by respondents to question 1.b.i

Code	Response (motivation)
a	Blood is important for peoples' lives and therefore should be worth paying for.
b	HIV is dangerous and killing.
c	It's one way to keep a constant flow of cash in the economy.
d	Not necessarily money but an acknowledgement such as a certificate.
e	People could earn some money for taking a risk & delivering the "service".
f	People who donate blood should be awarded. People would appreciate it more.
g	The person who receives the donated blood has to pay a large amount for it whether they are a donor or not which means it is only fair that the donor receives payment.
h	Time is money. Donors should be compensated for their time and sacrifice.
i	To motivate people to donate because there is such a big shortage.
Other	America and other countries pay; should South Africa not also?
	Blood donations help even more than the doctors who get paid ; donors should therefore be compensated.
	So that people can buy healthy food to recover sooner.
	Voluntary systems are often inefficient.

Table 4.32: Results (percentage of respondents) per motivation to question 1.b.i

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
a	7.41	4.76		11.11	0.00	15.56	5.97	0.00	0.00	3.88	3.45
b	1.85	1.90		0.00	0.00	2.22	2.99	20.00	0.00	0.97	0.00
c	0.62	4.76		0.00	0.00	0.00	5.97	0.00	25.00	0.97	0.00
d	2.47	0.95		0.00	0.00	6.67	0.00	20.00	0.00	0.00	3.45
e	7.41	4.76		0.00	0.00	0.00	5.97	0.00	0.00	11.65	3.45
f	7.41	4.76		11.11	20.00	11.11	4.48	0.00	0.00	5.83	3.45
g	12.96	16.19		22.22	20.00	4.44	14.93	0.00	0.00	16.50	20.69
h	5.56	3.81		0.00	0.00	8.89	2.99	0.00	25.00	4.85	3.45
i	48.77	52.38		55.56	60.00	44.44	49.25	60.00	50.00	49.51	58.62
Other	5.56	5.71		0.00	0.00	6.67	7.46	0.00	0.00	5.83	3.45
Total	100	100		100	100	100	100	100	100	100	100

For all the respondents in aggregate (48,77% -pre; 52,38% - post) as well as for each group of respondents separately, the motivation that the largest percentage of applicable respondents gave, was response “i” - that remuneration would motivate more people to donate blood and that could possibly help to alleviate the serious shortage of blood reserves that nearly constantly exists in South Africa.

Although at first glance it may seem selfish from respondents that answered “yes” to question 1.a to expect remuneration for doing a “good deed”, the first impression of only seeking self-interest fades if taken into consideration that the majority of these respondents motivated their answer with a possible practical “solution” from a utilitarian perspective to a serious (“life and death”) business ethics dilemma. What is more, is that there was a 3,61% increase from pre to post in the aggregate respondents that motivated their “yes” answer as such (48,77% - pre; 52,38% -post).

Other motivations that showed a notable increase in the percentage of aggregate respondents from pre to post are:

- Response “c” that increased by 4,14% (0,62% -pre; 4,76% post). This response attempts to justify students’ “yes” answer to question 1.a from the perspective of remuneration having a positive impact on the macro economy; and
- Response “g” that increased by 3,23% (12,96% - pre; 16,19% - post). This response attempts to justify students’ “yes” answer to question 1.a from a perspective of economic fairness towards donors.

Motivations that showed a notable decrease in the percentage of aggregate respondents from pre to post are:

- Response “a” that decreased by 2,65% (7,41% - pre; 4,76% - post). The validity of this motivation may however be questioned if taken into consideration that, for example, clean air is also important for peoples’ lives although it is not paid for; and
- Response “e” and “f” that both decreased by 2,65% (“e” and “f”: 7,41% - pre; 4,76% post) and response “h” that decreased by 1,75% (5,56% – pre; 3,81% - post). All three of these responses are centred on the argument that donors deserve to be remunerated for their effort.

Note that the number of respondents that answered “yes” to question 1.a (refer to table 4.29) is small (especially for the CUT (9 – pre; 4 - post) and UFS’s MBA group (5 – pre; 3- post)). This may result in a seemingly large difference in percentages from pre to post in table 4.32 (especially for the above named two groups) actually being immaterial due to the small number of students represented by the change in percentage.

Although the percentage of aggregate respondents that answered “yes” to question 1.a remained nearly the same from pre to post, there was an increase in the percentage of aggregate respondents that motivated their affirmative answer to question 1.a with convincing, utilitarian arguments (such as response “c” and “i”) and a decrease in the percentage of respondents that motivated their answer with possibly unsound (such as response “a”) and self-interested arguments (such as response “e”, “f” and “h”).

4.3.1.3 RESPONSE TO QUESTION 1.b.ii – MOTIVATIONS TO NEGATIVE RESPONSES ON QUESTION 1.a

"What is left when honor is lost?"

Publilius Syrus

From an ethical point of view, “no” is the preferable response to question 1.a. In table 4.30 it was indicated that 82,47% of the pre and 82,96% of the post respondents answered “no” to question 1.a (see section 4.3.1.1). The motivations provided by these respondents as to why they answered negatively to question 1.a are provided in table 4.33 and were distributed among the concerned respondents (according to percentage) as indicated in table 4.34.

Table 4.33: Summary of coded motivations provided by respondents to question 1.b.ii

Code	Response (motivation)
a	Blood donation is an act of kindness (giving without expecting anything back), love and a way to help the community (part of your social responsibility).
b	Blood is not created by man - we are all born with it. Thus, we receive blood for free and should be prepared to give it for free to those in need.
c	You yourself may one day need blood due to unforeseen circumstances. If you are a blood donor, you will not pay/pay less for a blood transfer (unlike someone who does not donate) if you need it in the future.
d	If donors were paid, people in need of the blood would automatically have to pay more to receive it (and the poor would be even less able to afford blood).
e	It would be selfish to expect remuneration.
f	South Africa has a blood shortage therefore you should donate for free.
g	Some people might sell their blood for the wrong reasons (for instance, to buy drugs or as a "job") which may result in such persons not being honest when donating and, for instance, attempting to donate more often than what is allowed and safe.
h	The purpose of the Blood Donation Service is not to make a profit, but to provide an essential service to people who are in need of blood.
i	The question states that donation is free.
j	By donating blood, you may save someone's life - no price can be put on that.
k	If you get paid for donating blood, the act does not qualify as a "donation" (a voluntary act to help others).
Other	According to the Bible we should help each other.
	Not everything is for sale. How is "selling blood" different from selling yourself (prostitution, organs etc.)? Both involve selling a part of your body.
	I do not believe in donating blood.
	If the Blood Donation Service runs out of funds people will die just because the Blood Donation Service cannot afford to pay donors for blood.
	It would affect voluntary donors if the Blood Donation Service began paying for blood.
	It's common sense that you shouldn't receive money for donating blood (doing good).
	It's the Rules of the Hostel to donate blood.
	Donors should be remunerated in incentives (such as toys or food) and not in money.

Table 4.34: Results (percentage of respondents) per motivation to question 1.b.ii

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
a	28.24	32.60		20.37	19.61	22.29	34.58	11.11	12.00	31.27	37.12
b	1.17	1.99		0.00	11.76	0.57	0.00	11.11	4.00	1.31	2.27
c	4.40	0.80		9.26	0.00	2.86	0.68	0.00	0.00	4.49	1.52
d	3.76	2.39		0.00	0.00	15.43	1.36	0.00	32.00	0.37	0.00
e	1.04	2.98		1.85	3.92	1.14	4.07	0.00	4.00	0.94	0.00
f	3.37	6.56		5.56	1.96	0.57	8.81	11.11	4.00	3.93	3.79
g	4.92	2.58		7.41	7.84	7.43	1.69	0.00	12.00	3.93	0.76
h	1.42	1.79		3.70	0.00	1.14	3.05	0.00	0.00	1.31	0.00
i	1.17	3.18		1.85	0.00	4.57	4.41	0.00	8.00	0.00	0.76
j	18.52	23.06		31.48	17.65	4.57	25.42	44.44	20.00	21.35	20.45
k	25.00	17.69		14.81	19.61	30.29	15.59	0.00	0.00	24.72	25.00
Other	6.99	4.37		3.70	17.65	9.14	0.34	22.22	4.00	6.37	8.33
Total	100	100		100	100	100	100	100	100	100	100

For all the respondents in aggregate, the motivation that the largest percentage of applicable respondents (28,24% - pre; 32,6% - post) gave was response “a” - that blood donation is an act of kindness (giving without expecting anything back), love and a way to help the community (part of your social responsibility). What is more, is that there was a 4,2% increase from pre to post in aggregate respondents that motivated their negative answer to question 1.a, with this altruistically orientated argument. The UFS’s EBS group (22,29% - pre; 34, 58% post) and the UJ group (31,27% - pre; 37,12% post) also both showed considerable increases (12,29% and 5,85% respectively) from pre to post in the percentage of respondents that motivated their negative answer to question 1.a, with response “a”.

Other motivations that showed a notable increase in the percentage of aggregate respondents from pre to post are:

- Response “e” that increased by 1,94% (1,04% -pre; 2,98% post). This response focuses on not acting selfishly (thus, acting generously towards others);
- Response “f” that increased by 3,19% (3,37% - pre; 6,56% - post). This response focuses on fulfilling a serious need (shortage) that exists;
- Response “i” that increased by 2,01% (1,14% -pre; 3.18% post). Respondents that motivated their negative answer to question 1.a with this response possibly misunderstood the purpose of the question (to determine students’ own reasoning and attitudes towards ethical dilemmas as opposed to determining whether students can identify the status quo); and
- Response “j” that increased by 4,54% (18,52% - pre; 23,06% - post). This response is humanitarially orientated and focuses on the priceless value of life.

The UFS’s EBS group also showed a significant increase (20,85%) from pre to post in the percentage of respondents that motivated their answers with response “j” (4,57% - pre; 25,42% - post) although the percentage of respondents from the CUT and the UFS’s MBA group decreased considerably (13,83% and 24,44% respectively) from pre to post for response “j” (CUT: 31,48% - pre; 17,65% - post) (MBA: 44,44% - pre; 20% - post).

Motivations that showed a notable decrease in the percentage of aggregate respondents from pre to post are:

- Response “c” that decreased by 3,6% (4,4% - pre; 0,8% - post). The focus of respondents that used response “c” as motivation to their negative answer to question 1.a, may possibly to an extent be seen as self-centred since this response focuses on the respondents’ own future financial interest;

- Response “d” that decreased by 1,37% (3,76% - pre; 2,39 % - post). This response focuses on what is in the best financial interest of the persons in need of blood (the UFS’s EBS group also showed a significant decrease (14,07%) from pre to post in the percentage of respondents that motivated their answers with response “d” (15,43% - pre; 1,36% - post));
- Response “g” that decreased by 2,34% (4,92% - pre; 2,58% - post). This response focuses on the possibility that donors may abuse the remuneration system if it was implemented;
- Response “k” that decreased by 7,31% (25% - pre; 17,69% - post). This response may be seen to focus on the technical, linguistic definition of the term “donation”.

Although the percentage of aggregate respondents that answered “no” to question 1.a, remained nearly the same from pre to post, there was an increase in the percentage of aggregate respondents that motivated their negative answer to question 1.a with altruistic, humanitarian arguments⁵⁹ (such as response “a”, “e” and “j”) and a decrease in the percentage of respondents that motivated their answer with possibly financially/technically focused or self-interested arguments (such as response “c”, “d” and “k”).

⁵⁹ It should however be noted that although these altruistically orientated motivations may seem like the most desirable option from an ethical point of view, such arguments may possibly tend to be idealistic and not realistic and practical (such as response “c” and “i” for question 1.b.i might be regarded (refer to section 4.3.1.2).

4.3.2 QUESTION 2 – COPYRIGHT, PLAGIARISM, HONESTY AND LEADERSHIP

*"Integrity without knowledge is weak and useless, and
knowledge without integrity is dangerous and dreadful."*

Samuel Johnson Rasselas

In question 2, a scenario concerning copyright, plagiarism, honesty and ethical leadership is sketched. Students should be able to relate to the scenario since during the course of their studies they are regularly confronted with situations where copyright and especially plagiarism are concerned.

Emmanuel can be seen as an influential community leader/role model (refer to section 3.4.2.7 on ethical leadership) since he rose above his difficult circumstances. This question is complex and multidimensional especially because knowing Emmanuel's circumstances regarding his illness (when he was meant to prepare for the competition) may elicit empathy for his unethical conduct. Also, Emmanuel may be seen as not wanting to confess to his wrong deeds, not purely out of self-interest but also because he does not want to disappoint his community for which he may be seen as a role model (this case may possibly be likened to the Lance Armstrong scandal relating to his abuse of performance-enhancing drugs).

In question 2.a (see section 4.3.2.1 for a full discussion) a closed-ended, dichotomous (yes/no) response option was provided (refer to section 4.1.2.2 for more on this topic). Both questions 2.b.i and 2.b.ii (see sections 4.3.2.2 and 4.3.2.3 respectively) were open-ended questions (refer to section 4.1.2.2 for more on this topic). For these two questions, the responses provided by the students were summarised and coded (refer to tables 4.37 and 4.39). In question 2.c (refer to section 4.3.2.5 for a full discussion) a multiple-choice response selection was provided.

4.3.2.1 RESPONSE TO QUESTION 2.a – “DID EMMANUEL DO ANYTHING WRONG BY NOT ACKNOWLEDGING OR REFERRING TO THE ARTICLES AND PRESENTATIONS?”

“There is only one morality, as there is only one geometry.”

Voltaire

In response to this question students only had to answer either “yes” or “no” to whether they thought Emmanuel did *“anything wrong by not acknowledging or referring to the articles and presentations”*. Respondents that answered “no” indicated that they did not regard Emmanuel’s plagiarism as wrong and respondents that answered “yes” indicated they did regard it as wrong.

Table 4.35 contains the number and table 4.36 the percentage of pre and post respondents that did not regard Emmanuel’s plagiarism as wrong (“no”) and that did regard Emmanuel’s plagiarism as wrong (“yes”).

Table 4.35: Results (number of respondents) to question 2.a

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Number of respondents										
Missing	30	50		0	0	11	23	0	0	19	27
No	64	49		6	6	11	31	1	0	46	12
Yes	863	545		57	51	208	321	13	30	585	143
Total	957	644		63	57	230	375	14	30	650	182

Table 4.36: Results (percentage of respondents) to question 2.a

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
No	6.90	8.25		9.52	10.53	5.02	8.81	7.14	0.00	7.29	7.74
Yes	93.10	91.75		90.48	89.47	94.98	91.19	92.86	100.00	92.71	92.26
Total	100	100		100	100	100	100	100	100	100	100

Following is a brief discussion on the pre and post categories of students' responses to question 2.a for all the respondents in aggregate as well as for certain of the groups of respondents separately.

For all the respondents in aggregate although the vast majority of respondents indicated that they regarded Emmanuel's plagiarism as wrong (93,1% - pre; 91,75% – post) there was a 1,35% decrease from pre to post in these responses. Since plagiarism is unlawful and unethical, the decrease from pre to post in the percentage of aggregate respondents that regard plagiarism as wrong is disconcerting.

The only individual group that showed an increase in the percentage (7,14%) of students that did regard plagiarism as wrong was the UFS's MBA group (92,86% - pre; 100% - post). It is heartening to see that all 30 post respondents (there were no "missing" responses) of the MBA group indicated that they regard plagiarism as wrong (refer to table 4.35).

The groups that showed the greatest increase in negative responses (respondents that did not regard plagiarism as wrong) from pre to post were the UFS's EBS group with a 3,79% increase (5,02% - pre; 8,81% - post). It should however be noted that for the pre responses this group had the largest percentage of respondents (94,98%) that answered affirmatively (respondents that regarded plagiarism as wrong).

Overall, there was an increase in the percentage of aggregate respondents that did not regard plagiarism as wrong. This is an indication that the topic of plagiarism possibly deserves more attention in business ethics courses.

4.3.2.2 RESPONSE TO QUESTION 2.b.i – MOTIVATIONS TO AFFIRMATIVE RESPONSES ON QUESTION 2.a

“Compassion, in which all ethics must take root, can only attain its full breadth and depth if it embraces all living creatures and does not limit itself to mankind.”

Albert Schweitzer

From an ethical point of view, “yes” is the preferable response to question 2.a. In table 4.36 it was indicated that 93,1% of the pre and 91,75% of the post respondents answered “yes” to question 2.a (see section 4.3.2.1 above). The motivations provided by these respondents as to why they answered affirmatively to question 2.a are provided in table 4.37 and were distributed among the concerned respondents (according to percentage) as indicated in table 4.38.

Table 4.37: Summary of coded motivations provided by respondents to question 2.b.i

Code	Response (motivation)
a	A person is required to give a source or acknowledge/refer to the original author even though the information is available freely on the internet.
b	Emmanuel should not have used other hard working researchers as a stepping stone to achieve his objectives.
c	It is unethical to get praised for work that is not your own and thus, Emmanuel did not deserve to win.
d	It shows integrity to acknowledge the sources you used to obtain the information and it is selfish not to do so.
e	Other authors probably have copyright on the research that Emmanuel copied.
f	Plagiarism is as good as theft.
g	The reader must know where he obtained his information from.
Other	By cheating Emmanuel put the other participants at a disadvantage.
	Emmanuel confessed it to Father Good - if he did not do anything wrong why would he confess?
	Emmanuel cheated so that he could win.
	The research did not reflect Emmanuel's true knowledge.
	Emmanuel's illness was not an excuse for acting unethically.
	It could ruin Emmanuel's reputation if people found out (he might lose his medical license).
	Not referencing shows that Emmanuel was lazy .
	Professional and intelligent people will not pass other peoples' work as their own.
	Without references a reader cannot tell if the information provided is accurate.

Table 4.38: Results (percentage of respondents) per motivation to question 2.b.i

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
a	13.36	7.42		19.30	25.49	6.73	0.31	0.00	0.00	15.51	18.84
b	1.17	1.48		0.00	9.80	0.96	0.00	0.00	0.00	1.39	2.17
c	17.23	4.27		17.54	5.88	12.98	0.31	0.00	0.00	19.16	13.77
d	1.76	0.19		1.75	1.96	2.88	0.00	0.00	0.00	1.39	0.00
e	15.71	40.82		24.56	11.76	19.23	55.63	50.00	66.67	12.72	11.59
f	45.72	43.23		26.32	35.29	55.29	42.81	42.86	33.33	44.25	49.28
g	1.76	0.93		5.26	3.92	0.00	0.31	0.00	0.00	2.09	1.45
Other	3.28	1.67		5.26	5.88	1.92	0.63	7.14	0.00	3.48	2.90
Total	100	100	0	100	100	100	100	100	100	100	100

For all the respondents in aggregate (45,72% -pre; 43,23% - post) as well as for the CUT group (26,32% -pre; 35,29% - post) and UJ group (44,25% - pre; 49,28% - post), the motivation that the largest percentage of applicable respondents gave was response “f” - that plagiarism is as good as theft (which is seen as an unlawful and generally unethical act). The percentage of aggregate respondents that provided response “f” as motivation however decreased by 2,49% from pre to post although the percentage of respondents from the CUT and UJ groups that provided response “f” as motivation increased by 8,97% and 5,03% respectively.

Other motivations that showed a notable decrease in the percentage of aggregate respondents from pre to post are:

- Response “a” that decreased by 5,94% (13,36% -pre; 7,42% post). This response focuses especially on the paradox of acknowledgement that has to be given to original authors even though the intellectual property of the authors are freely obtainable on the internet. (The UFS’s EBS group also showed a significant decrease (6,42%) from pre to post in the percentage of respondents that motivated their answers with response “a” (6,73% - pre; 0,31% - post) although the percentage of respondents from the CUT and UJ groups that provided response “a” as motivation increased by 6,19% and 3,33% respectively (CUT: 19,3% - pre; 25,49 – post) (UJ: 15,51% - pre; 18,84 – post)); and
- Response “c” that decreased by 12,96% (17,23% - pre; 4,27% - post). This response focusses on merit and fairness.

The only motivation that showed a notable increase in the percentage of aggregate respondents from pre to post is:

- Response “e” that increased by 25,11% (15,71% - pre; 40,82% - post). This response may be seen to focus on the legal aspect of copyright and ownership and less on the ethical implications of Emmanuel’s conduct. (The UFS’s EBS and MBA groups also showed significant increases (36,4% and

16,67% respectively) from pre to post in the percentage of respondents that motivated their answers with response “a” (EBS: 19,23% - pre; 55,63% - post) (MBA: 50% - pre; 66,67% - post) although the percentage of respondents from the CUT group that provided response “a” as motivation decreased by 12,8% (CUT: 24,56 – pre; 11,76% - post)).

Although the percentage of aggregate respondents that answered “yes” to question 2.a, only decreased slightly (1,35%) from pre to post (93,1% - pre; 91,75% - post) there was a notable increase in the percentage of aggregate respondents that motivated their affirmative answer to question 2.a from a mainly legal (“prescriptive”) perspective (response “e”) as opposed to a business ethics perspective which may require more complex ethical reasoning and self-reflection (despite the law and ethics corresponding greatly as indicated in section 3.4.2.3).

4.3.2.3 RESPONSE TO QUESTION 2.b.ii – MOTIVATIONS TO NEGATIVE RESPONSES ON QUESTION 2.a

*“While moral rules may be propounded by authority the fact
that these were so propounded would not validate them.”*

Alfred Jules Ayer

From an ethical point of view, “no” is the undesirable response to question 2.a. In table 4.36 it was indicated that 6,9% of the pre and 8,25% of the post respondents answered “no” to question 2.a (see section 4.3.2.1). The motivations provided by these respondents as to why they answered negatively to question 2.a are provided in table 4.39 and were distributed among the concerned respondents (according to percentage) as indicated in table 4.40.

Table 4.39: Summary of coded motivations provided by respondents to question 2.b.ii

Code	Response (motivation)
a	Emmanuel based enough of the presentation on work done by himself (he used his own intelligence) by combining the articles, editing the research and compiling the presentation.
b	Emmanuel did nothing wrong.
c	Emmanuel did what was best for him at that point in time.
d	Emmanuel did not have any other option than using the articles as he was ill.
e	Emmanuel did not know where else to get information from.
f	Emmanuel got the information from the internet, which means it is freely available to all.
g	What Emmanuel did was not serious.
Other	At the end of the day it was a good presentation from which the listeners could gain knowledge.
	Emmanuel confessed it to Father Good.
	Emmanuel detected that there was something wrong in the articles which he improved.
	Emmanuel did not want people to know where he got the information from since otherwise may not have won.
	Emmanuel did not want to disappoint his fellow church members.
	Emmanuel grew up very poor.
	Emmanuel was acting out of compassion/with the best intentions at heart.
	Emmanuel was only following orders.
	Emmanuel grew up very poor.
	It is not plagiarism if you use different articles ("stealing from one person is plagiarism but stealing from many is research").
	No explicit requirements were stated that could have indicated to Emmanuel that references should be given.
	Emmanuel was fulfilling his responsibility.

Table 4.40: Results (percentage of respondents) per motivation to question 2.b.ii

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
a	31.48	50.00		66.67	16.67	30.00	69.57	0.00	0.00	26.32	25.00
b	7.41	0.00		0.00	0.00	0.00	0.00	0.00	0.00	10.53	0.00
c	7.41	13.16		0.00	33.33	10.00	8.70	0.00	0.00	7.89	12.50
d	9.26	5.26		0.00	16.67	0.00	4.35	0.00	0.00	13.16	0.00
e	0.00	5.26		0.00	0.00	0.00	4.35	0.00	0.00	0.00	12.50
f	9.26	0.00		0.00	0.00	10.00	0.00	0.00	0.00	10.53	0.00
g	7.41	2.63		0.00	0.00	30.00	4.35	0.00	0.00	2.63	0.00
Other	27.78	23.68		33.33	33.33	20.00	8.70	100.00	0.00	28.95	50.00
Total	100	100		100	100	100	100	100	0	100	100

Firstly, it should be noted that the number of respondents that answered “no” to question 2.a (refer to table 4.35) is small (especially for the CUT (6 – pre; 6 - post) and UFS’s MBA group (1 – pre; 0- post)). This may result in a seemingly large difference in percentages from pre to post in table 4.40 (especially for the above named two groups) actually being immaterial due to the small number of students represented by the change in percentage.

For all the respondents in aggregate, the motivation that the largest percentage of applicable respondents (31,48% - pre; 50% - post) gave, was response “a” – that Emmanuel based enough of the presentation on work done by himself (using his own intelligence) by combining the articles, editing the research and compiling the presentation. What is more, there was an 18,52% increase from pre to post in aggregate respondents that motivated their negative answer to question 2.a, with this unsound and unethical argument. The UFS’s EBS group (30% - pre; 69,57% post) also showed a considerable increase (39,57%) from pre to post in the percentage of respondents that motivated their negative answer to question 2.a, with response “a”. This is disconcerting since the UFS’s EBS group specifically completed the questionnaires directly after Project Alpha (refer to sections 2.7 and 4.1.1 for more on this topic) for which the students had to do a fair amount of research. It may be possible that the students’ own experience with doing research and preparing presentations just before they completed the post questionnaires made them more tolerable of plagiarism since they themselves might have been tempted to commit plagiarism (and in certain cases may actually have done so). This is a further indication that more attention may need to be devoted to plagiarism and copyright in business ethics courses and that lecturers (and even more so business ethics lecturers) should pay special attention to students not committing plagiarism in their research projects.

Other motivations that showed a notable increase in the percentage of aggregate respondents from pre to post are:

- Response “c” that increased by 5,75% (7,41% - pre; 13,16% - post). Respondents that motivated their negative answer to question 2.a with this response possibly did so from an egotistical point of view (i.e. what is best for oneself should be the main consideration when making decisions); and
- Response “e” that increased by 5,26% (0% - pre; 5,26% - post). According to this response, unethical conduct is justified if it was committed as a result of a feeling of helplessness and/or desperateness.

Motivations that showed a notable decrease in the percentage of aggregate respondents from pre to post are:

- Response “b” that decreased by 7,41% (7,41% - pre; 0% - post). The decrease to 0% in post responses for response “b” is encouraging since these respondents simply stated that “Emmanuel did nothing wrong”. Thus, they did not articulate their ethical reasoning and provide a proper motivation (as was required by question 2.b.ii) for why they do not regard Emmanuel’s conduct as wrong;
- Response “d” that decreased by 4% (9,26% - pre; 5,26% - post). According to this response, unethical conduct is justified if it was committed as a result of illness or unforeseen circumstances;
- Response “f” that decreased by 9,26% (9,26% - pre; 0% - post). The decrease to 0% in post responses for response “f” is encouraging since it seems as if respondents that gave this as a motivation do not understand the concept of intellectual property and copyright (just because, for instance, articles are freely available on the internet does not mean that one may create the impression that one is the author of such an article or that one may use such an article without acknowledging the original author);

- Response “g” that decreased by 4,78% (7,41% - pre; 2,63% - post). The response that a certain crime or unethical action is not “serious” corresponds with one of the “ethical myths” listed under section 3.4.2.1. Providers of this response possibly underestimated the gravity of what Emmanuel have done according to the scenario and did not take the far-reaching implications that Emmanuel’s actions might have into consideration. A possible reason why students may have the perception that plagiarism is not “serious” may be because of poor law enforcement regarding plagiarism and related crimes (such as copyright infringement) in a country such as South Africa. Students may have the perception that since perpetrators of these crimes are not consistently prosecuted and punished, these crimes are not serious.
- The “other” responses that decreased by 4,1% (27,78% - pre; 23,68% - post). None of the “other” responses provided are convincing or justifies/remedies Emmanuel’s plagiarism.

It may be that the scenario of Emmanuel’s illness and childhood poverty brought about emotions (such as, for example, pity) with respondents. These emotions possibly influenced respondents’ responses to the question. It should, however, be noted that the ethical reasoning behind arguments that imply that unlawful or unethical conduct is justified due to an involved persons’ difficult circumstances (such as for example Emmanuel’s illness/tiredness or childhood poverty – which are some of the “other” responses in table 4.39 that were provided by respondents as motivations to why they did not deem Emmanuel’s plagiarism as wrong) may often be unconvincing and/or invalid.

Although the percentage of aggregate respondents that answered “no” to question 2.a, increased (1,35%) from pre to post (6,9% - pre; 8,25% - post) there was a decrease in the percentage of aggregate respondents that motivated their negative answer to question 2.a with unconvincing or invalid arguments (such as response “b”, “d”, “f” and “g”). There was however also an increase in the percentage of

respondents that motivated their answer with egotistical and unjustifiable arguments (such as response “c” and “e”).

4.3.2.4 RESPONSE TO QUESTION 2.c – “WHAT ADVICE SHOULD FATHER GOOD GIVE EMMANUEL?”

“As an entrepreneur, a reputation for integrity is your most valuable commodity. If you try to put something over on someone, it will come back to haunt you.”

Victor Kiam

In response to this question students had to choose one of six multiple choice options provided on what advice they thought Father Good should give Emmanuel. The multiple-choice response options for question 2.c are listed in table 4.41 and were coded as indicated in the table.

Table 4.41: Summary of coded response options to question 2.c

Code	Response (advice)
i	He should notify the organisers that the research was not his own.
ii	He should pay back the R30 000 and notify the organisers that he didn't acknowledge the articles.
iii	He should pay back the R30 000 without giving a reason.
iv	Just go and give the lecture in England.
v	Just not turn up at the competition in England.
vi	Withdraw and tell the organisers he is sick.

From an ethical point of view, response “ii” is the most desirable response option to question 2.c. The other response options either lack an element of ethical conduct included in response “ii” such as response “i” (in which Emmanuel does not pay back

the R30 000) and “iii” (in which Emmanuel does not notify the organisers of his plagiarism) or contain elements of further unethical conduct such as response “v” (which involves Emmanuel being absent from the competition on purpose without making excuse) and response “vi” (which involves Emmanuel fabricating an excuse not to attend the competition).

Table 4.42 contains the number and table 4.43 the percentage of pre and post respondents per response option chosen for question 2.c.

Table 4.42: Results (number of respondents) per advice option to question 2.c

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Advice chosen	Number of respondents										
Missing	31	50		0	0	9	18	1	2	21	30
i	279	191		22	15	60	123	3	8	194	45
ii	514	323		33	29	133	188	9	19	339	87
iii	30	16		1	1	8	10	0	1	21	4
iv	69	32		6	7	13	13	0	0	50	12
v	7	16		1	0	0	12	1	0	5	4
vi	27	16		0	5	7	11	0	0	20	0
Total	957	644		63	57	230	375	14	30	650	182

Table 4.43: Results (percentage of respondents) per advice option to question 2.c

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Advice chosen	Percentage of respondents										
i	30.13	32.15		34.92	26.32	27.15	34.45	23.08	28.57	30.84	29.61
ii	55.51	54.38		52.38	50.88	60.18	52.66	69.23	67.86	53.90	57.24
iii	3.24	2.69		1.59	1.75	3.62	2.80	0.00	3.57	3.34	2.63
iv	7.45	5.39		9.52	12.28	5.88	3.64	0.00	0.00	7.95	7.89
v	0.76	2.69		1.59	0.00	0.00	3.36	7.69	0.00	0.79	2.63
vi	2.92	2.69		0.00	8.77	3.17	3.08	0.00	0.00	3.18	0.00
Total	100	100		100	100	100	100	100	100	100	100

For all the respondents in aggregate, as well as for each group of respondents separately, response “ii” (which is the most desirable response from an ethical point of view) and response “i” (which may be regarded as the second most desirable response) was chosen by the largest and second largest percentage of respondents respectively (Total “ii”: 55,51% - pre; 54,38% - post) (Total “i”: 30,13% - pre; 32,15%). There was, however, a slight decrease of 1,13% from pre to post in the percentage of aggregate respondents that choose response “ii” (the most preferable response) but the increase of 2,02% in response “i” (the second most preferable response) may be seen to offset this decrease to an extent.

Movements that are worrying are the 2,76% and 8,77% increases from pre to post in the percentage CUT respondents that chose response “iv” or response “vi” respectively as well as the 1,93% and 3,36% increase from pre to post in the percentage of aggregate respondents and respondents from the UFS’s EBS group respectively that chose response “v”. As discussed earlier in this section, response “iv”, “v” and “vi” does not only lack elements of ethical conduct included in response “ii” (the most desirable response) but contains additional elements of unethical conduct such as lying.

4.3.3 QUESTION 3 – LABOUR PRACTICES, CULTURAL SENSITIVITY/DIVERSITY, HUMAN RIGHTS AND ENVIRONMENTAL PRESERVATION

"Re-examine all that you have been told... dismiss that which insults your soul."

Walt Whitman

In question 3, a scenario concerning labour practices, cultural sensitivity/diversity, human rights and environmental preservation is sketched. Students should be able to relate to the scenario since cultural diversity is engrained in the existence of the South African community and something South Africans are confronted with on a daily basis. Issues regarding labour practices are also common and often appear in

the South African media (refer to sections 1.1 and 1.6.1 for discussions on the Lonmin/Marikana incident and other labour related protest action in South Africa).

This question is ethically complex and multidimensional. The respondents' familiarity with the Somalian man's circumstances regarding his community's tradition and the requirements he has to fulfil to be allowed to marry, may elicit empathy from respondents for his breaking the law and killing an animal that belongs to an endangered species. This question may also lead to the debate on whether basic human rights such as being allowed to practice one's culture/tradition (also in marriage) should be regarded as coming second to obeying the law and the policies of one's employer.

In questions 3.a - 3.d (see sections 4.3.3.1 – 4.3.3.4 for a full discussion) closed-ended, dichotomous (yes/no) response options were provided (refer to section 4.1.2.2 for more on this topic).

4.3.3.1 RESPONSE TO QUESTION 3.a – “SHOULD SAGOLD HOLD A DISCIPLINARY HEARING BECAUSE THE MAN WAS IN JAIL?”

“A leader is one who knows the way, goes the way and shows the way.”

John C. Maxwell

According to the information supplied in the question, the Somalian man was found guilty in Kenya *“of being in the country illegally (without a passport), and also for shooting the protected wild bird”*. When the Somalian man arrived back at SAGold, the company informed him that *“it has a very strict policy regarding crime, and that he will have to appear before a disciplinary committee”*.

In response to this question students only had to answer either “yes” or “no” to whether they thought SAGold should “*hold a disciplinary hearing because the man was in jail*”. Respondents that answered “no” indicated that they felt SAGold should make an exception to the company policy and not hold a disciplinary hearing (thereby most probably implying that they felt the man should simply be reinstated in his position at SAGold without further inquiry) and respondents that answered “yes” indicated that they felt SAGold should uphold the company policy and hold a disciplinary hearing to further inquire into/investigate the man’s misdeeds.

From both an ethical and a legal point of view, the preferable response would be “yes” (SAGold should hold a disciplinary hearing), among other reasons as this would give the man an opportunity to explain his actions, it would contribute to neither putting the man at an advantage or disadvantage compared to SAGold’s other employees (fair and consistent action) and it would contribute to protecting SAGold from labour claims due to, for instance, wrongful dismissal.

Table 4.44 contains the number and table 4.45 the percentage of pre and post respondents that were not in favour of SAGold holding a disciplinary hearing (“no”) and that were in favour of SAGold holding a disciplinary hearing (“yes”).

Table 4.44: Results (number of respondents) to question 3.a

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Number of respondents										
Missing	100	83		6	2	24	34	1	3	69	44
No	149	122		10	11	27	77	1	1	111	33
Yes	708	439		47	44	179	264	12	26	470	105
Total	957	644		63	57	230	375	14	30	650	182

Table 4.45: Results (percentage of respondents) to question 3.a

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
No	17.39	21.75		17.54	20.00	13.11	22.58	7.69	3.70	19.10	23.91
Yes	82.61	78.25		82.46	80.00	86.89	77.42	92.31	96.30	80.90	76.09
Total	100	100		100	100	100	100	100	100	100	100

For all the respondents in aggregate (82,61% - pre; 78,25% - post) as well as for each group of respondents separately, the vast majority of respondents indicated that they were in favour of SAGold holding a disciplinary hearing (which is the preferable response from both an ethical and a legal point of view as discussed above). It is, however, worrying that there was a decrease of 4,36% from pre to post in the percentage of aggregate respondents that chose “yes”. The group that showed the largest decrease (9,47%) in “yes” responses (or increase in “no” responses) from pre to post was the UFS’s EBS group (86,89% - pre; 77,42% - post). The increase (3,99%) in “yes” responses from pre to post in the UFS’s MBA group to 96,3% of the post respondents is, however, encouraging. It may be possible that the longer average period of work experience (refer to section 4.2.8) of the MBA group as compared to the other groups had an influence on this group’s response since, on average, they have had more actual exposure to labour practices than the other groups.

4.3.3.2 RESPONSE TO QUESTION 3.b – “SHOULD SAGOLD FIRE THE MAN BECAUSE HE WAS IN JAIL?”

“One man with courage makes a majority.”

Andrew Jackson

According to the information supplied in the question, the Somali man served three months’ jail sentence in Kenya and SAGold’s *“company policy stipulates that no employee who has had to serve a jail sentence while in the service of SAGold, may continue to work for SAGold.”*

In response to this question, students only had to answer either “yes” or “no” to whether they thought SAGold should *“fire the man because the man was in jail”*. Respondents that answered “no” indicated that they felt SAGold should make an exception to the company policy and not dismiss the man (thereby most probably implying that they felt there were mitigating circumstances surrounding the man’s crimes and that the man should be reinstated in his position at SAGold) and respondents that answered “yes” indicated that they felt SAGold should apply the company policy consistently and dismiss the man, despite the mitigating circumstances surrounding his crimes.

The most preferable answer to this question (3.b) is not as clear cut as with question 3.a. The implications of dismissing a person are much more serious than holding a disciplinary hearing for a person. Whether or not an employee should be dismissed should depend on the outcome of the disciplinary hearing, during which the employee should have been given the opportunity to state/defend his case.

What further contributes to the complex nature of this question is that according to the “ethical poles” (refer to section 3.2.3 and schematic representation 3.3) the

man's misdeeds (even though illegal) does not fall on the extreme end of "wrong" or "bad", especially since he could motivate his actions from the perspective of his culture/tradition. From a practical perspective SAGold would however be under an obligation (especially towards their other employees) to act consistently with their company policy for the sake of fairness.

Table 4.46 contains the number and table 4.47 the percentage of pre and post respondents that were not in favour of SAGold firing the man ("no") and that were in favour of SAGold firing the man ("yes").

Table 4.46: Results (number of respondents) to question 3.b

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Number of respondents										
Missing	147	110		7	5	35	50	2	7	103	48
No	674	418		43	44	150	253	10	9	471	112
Yes	136	116		13	8	45	72	2	14	76	22
Total	957	644		63	57	230	375	14	30	650	182

Table 4.47: Results (percentage of respondents) to question 3.b

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
No	83	78.3		77	84.6	77	77.8	83	39.1	86	83.6
Yes	17	21.7		23	15.4	23	22.2	17	60.9	14	16.4
Total	100	100		100	100	100	100	100	100	100	100

For all the respondents in aggregate (83% - pre; 78,3% - post) as well as for each group of respondents separately (except the UFS's MBA group), the vast majority of respondents indicated that they were not in favour of SAGold dismissing the man. There was however a decrease of 4,7% from pre to post in the percentage of aggregate respondents that chose "no".

The group that showed the largest decrease (43,9%) in “no” responses (or increase in “yes” responses) from pre to post was the UFS’s MBA group. It may be possible that the longer average period of work experience (refer to section 4.2.8) of the MBA group as compared to the other groups, has had an influence on this group’s response to question 3.b (as well as question 3.a discussed in section 4.3.3.1 above) since, on average, they have had more actual exposure to labour practices than the other groups and may have a more realistic and less idealistic perception of how labour practices should work.

4.3.3.3 RESPONSE TO QUESTION 3.c – “THE TRADITION OF THE MAN IS MORE IMPORTANT THAN SAGOLD’S POLICY”

*“Of all the properties which belong to honorable men,
not one is so highly prized as that of character.”*

Henry Clay

According to the information supplied in the question, the tradition of the Somalian man includes that he has to go to Kenya and kill an *Amaflyfly*. Both actions (to cross the border into Kenya without a passport and to kill an animal which belongs to an endangered species) are unfortunately illegal in modern-day Kenya and resulted in the man serving a jail sentence in the country. The policy of SAGold “*stipulates that no employee who has had to serve a jail sentence while in the service of SAGold, may continue to work for SAGold*”. In this sense a conflict exists between the tradition of the Somalian man and the policy of SAGold.

In response to this question students only had to answer either “yes” or “no” to whether they thought “*the tradition of the man is more important than SAGold’s policy*”. Thus, respondents that answered “yes” indicated that they felt that the man’s tradition is more important than SAGold’s policy and respondents that answered “no”

indicated they felt that the company's policy is more important than the man's tradition.

The most preferable answer to this question (3.c) is debatable. What a person regards as more "important" greatly depends on what he personally views as having the most value. However, if the thing of greater "importance", such as for instance traditional practices, conflicts with the law, the person should probably reconsider the comparable value of the thing he initially regarded as having the greatest importance. More often than not, that which is unlawful is also unethical (refer to section 3.4.2.3 for more on the relationship between the law and ethics). In this case, the man's tradition indirectly requires of him to break the law while the purpose of the SAGold's policy is to prevent criminals from being employed at the company. Thus, the company's policy should possibly be regarded as more important (as well as more lawful and more ethical) than the man's tradition.

Table 4.48 contains the number and table 4.49 the percentage of pre and post respondents that did not feel that the tradition of the man is more important than SAGold's policy ("no") and that did feel that the tradition of the man is more important than SAGold's policy ("yes").

Table 4.48: Results (number of respondents) to question 3.c

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Number of respondents										
Missing	119	105		6	3	25	52	3	6	85	44
No	432	297		37	33	115	172	10	21	270	71
Yes	406	242		20	21	90	151	1	3	295	67
Total	957	644		63	57	230	375	14	30	650	182

Table 4.49: Results (percentage of respondents) to question 3.c

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
No	51.55	55.10		64.91	61.11	56.10	53.25	90.91	87.50	47.79	51.45
Yes	48.45	44.90		35.09	38.89	43.90	46.75	9.09	12.50	52.21	48.55
Total	100	100		100	100	100	100	100	100	100	100

For all the respondents in aggregate (51,55% - pre; 55,1% - post) as well as for each group of respondents separately (except the UJ group's pre respondents), the majority of respondents (even though not by a great percentage) indicated that they did not regard the man's tradition as more important than SAGold's policy. What is more is that the "no" responses for all the respondents in aggregate increased by 3,55% from pre to post.

It is notable that again the UFS's MBA group's responses stand out. Although there was a slight decrease (3,4%) from pre to post in "no" responses for this group, a considerably larger percentage of the MBA group than the other three groups did not regard the man's tradition as more important than SAGold's policy. Again, it may be possible that the longer average period of work experience (refer to section 4.2.8) of the MBA group as compared to the other groups has had an influence on this group's response to question 3.c (as well as to questions 3.a and 3.b discussed in section 4.3.3.1 and 4.3.3.2 respectively) since, on average, they have had more actual exposure to labour practices than the other groups and may have a more realistic and less idealistic perception of how labour practices should work.

4.3.3.4 RESPONSE TO QUESTION 3.d – “IF THIS MAN WAS A SOUTH AFRICAN CITIZEN, HE SHOULD HAVE BEEN TREATED DIFFERENTLY BY SAGOLD”

“The highest proof of virtue is to possess boundless power without abusing it.”

Thomas Macaulay

According to the information supplied in the question the man is a Somali citizen who “*has all the necessary work permits to work in South Africa*”. Thus, even though the man was not a South African citizen, he was legally working in South Africa for SAGold.

In response to this question students only had to answer either “yes” or “no” to whether they thought the man “*should have been treated differently by SAGold*” if he was a South African citizen. Thus, respondents that answered “no” indicated that they felt that the man should have been treated in the same manner whether or not he was a South African citizen and respondents that answered “yes” indicated they felt that the man should have been treated differently if he was a South African citizen as opposed to a Somali citizen.

A business ethics question which often occurs with regard to the employment of foreigners is whether entities have a responsibility/obligation to give preference to local persons when employing workers and whether employees who are local citizens should be entitled to certain rights and privileges over and above employees who are foreigners (a closely related issue to the topic addressed in this question is the problem of xenophobia). This question, however, only referred to whether or not the Somali employee should be treated “*differently*” and did not specify a manner of different treatment (for instance, more or less harshness or lenience).

The most preferable answer to this question (3.d) is “no” since in order for SAGold to act fairly, the manner in which the company treats the man should not be dependent on the man’s citizenship, but should be consistent, regardless of whether the man is a South African citizen, Somalian citizen or a citizen of any other country.

Table 4.50 contains the number and table 4.51 the percentage of pre and post respondents that thought the man should not have been treated differently if he was a South African citizen (“no”) and that did thought the man should have been treated differently if he was a South African citizen (“yes”).

Table 4.50: Results (number of respondents) to question 3.d

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Number of respondents										
Missing	145	110		8	4	31	50	3	8	103	48
No	664	432		43	42	165	266	10	17	446	107
Yes	148	102		12	11	34	59	1	5	101	27
Total	957	644		63	57	230	375	14	30	650	182

Table 4.51: Results (percentage of respondents) to question 3.d

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Response	Percentage of respondents										
No	81.77	80.90		78.18	79.25	82.91	81.85	90.91	77.27	81.54	79.85
Yes	18.23	19.10		21.82	20.75	17.09	18.15	9.09	22.73	18.46	20.15
Total	100	100		100	100	100	100	100	100	100	100

For all the respondents in aggregate (81,77% - pre; 80,9% - post) as well as for each group of respondents separately the vast majority of respondents indicated that the man should not have been treated differently if he was a South African citizen. There

was however a slight decrease of 0,87% in “no” responses for all the respondents in aggregate from pre to post. The group that showed the largest decrease (13,64%) in “no” responses from pre to post is the UFS’s MBA group (90,91% - pre; 77,27% - post).

4.3.4 QUESTION 4, 5 AND 6 – ETHICAL PERCEPTIONS

“One measure of leadership is the caliber of people who choose to follow you.”

Dennis A. Peer

Question 4 to 6 differ from questions 1 to 3 in that the purpose of the last three questions in the questionnaire (refer to annexure A and B) is to determine the perceptions (as opposed to testing the ethical reasoning) of respondents on certain business ethics related issues prior to and after attending one of the four applicable business ethics courses. Since questions 4, 5 and 6 (see sections 4.3.4.1 to 4.3.4.3) focuses only on respondents’ perceptions, the findings/conclusions on the responses to these three questions will not be discussed in the same degree of detail as questions 1, 2 and 3 (see sections 4.3.1 to 4.3.3) (for instance, frequency tables with the number of respondents per response option are not provided in this section).

Determining students’ ethical perceptions on certain issues before and after the attendance of a business ethics course may be useful in determining, for instance, what topics deserves more attention in a business ethics course.

4.3.4.1 RESPONSE TO QUESTION 4 – PERCEPTIONS REGARDING THE ETHICALITY OF PERSONS IN CERTAIN OCCUPATIONS

“Remember the difference between a boss and a leader.

A boss says, Go! A leader says, Let's go!”

E.M. Kelly

Question 4 required students to provide their perceptions on how ethical persons in one of eleven different occupations are according to a Likert-scale. The five points of the Likert-scale represented the perceptions of how ethical persons in the applicable occupations are according to table 4.52.

Table 4.52: The Likert-scale points that were available to respondents in question 4

Likert-scale	Perception represented by the point on the Likert-scale
1	Very ethical
2	Ethical
3	Moderately ethical
4	Unethical
5	Very unethical

The weighted average pre and post scores (according to the Likert-scale set out above) of the respondents' perception of the ethicality of persons that practice one of the eleven occupations provided are contained in table 4.53 (in the order that the occupations appeared in the questionnaire).

Table 4.53: The weighted average scores of the respondents' perception of the ethicality of eleven occupations

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Persons/occupation	Weighted average										
Church leaders	2.28	2.42		2.18	2.39	2.37	2.44	2.50	2.67	2.25	2.35
Members of the police	3.36	3.28		3.19	3.59	3.18	3.17	3.92	3.84	3.43	3.34
Lawyers	2.89	2.91		2.98	3.05	2.66	2.82	3.54	3.70	2.95	2.93
Auditors	2.02	2.12		1.56	2.07	2.01	2.07	2.86	2.57	2.05	2.16
Soldiers	2.58	2.60		2.61	2.69	2.73	2.49	2.62	2.96	2.52	2.72
Politicians	3.89	3.96		4.27	4.47	3.73	3.92	4.23	4.27	3.90	3.82
Business leaders	2.98	3.18		3.27	3.06	2.99	3.20	3.21	3.15	2.95	3.18
Medical doctors	2.24	2.34		2.23	2.22	2.11	2.33	2.00	2.46	2.29	2.36
Teachers	2.52	2.58		2.44	2.52	2.63	2.61	2.36	2.59	2.49	2.54
Lecturers at the university where you study	2.22	2.29		2.18	2.13	2.42	2.36	2.23	2.12	2.15	2.22
Government officials	3.75	3.83		3.73	4.04	3.61	3.86	3.69	4.28	3.81	3.62
Sum of weighted averages	30.73	31.51		30.65	32.23	30.43	31.26	33.16	34.62	30.78	31.24

According to the weighted average responses of the aggregate respondents, persons in the occupations as indicated in table 4.54 and 4.55 were perceived as the most unethical and the most ethical, respectively.

Table 4.54: The three occupations that were perceived as the most unethical

Ranking	Persons/occupation	Weighted average for respondents in aggregate		Difference in weighted average from pre to post
		pre	post	
1	Politicians	3.89	3.96	0.07
2	Government officials	3.75	3.83	0.08
3	Members of the police	3.36	3.28	-0.08

Table 4.55: The three occupations that were perceived as the most ethical

Ranking	Persons/occupation	Weighted average for respondents in aggregate		Difference in weighted average from pre to post
		pre	post	
1	Auditors	2.02	2.12	0.1
2	Lecturers	2.22	2.29	0.07
3	Medical doctors	2.24	2.34	0.1

The first three positions in the rankings of the persons/occupations that were perceived to be the most unethical (see table 4.54) and the occupations that were perceived to be the most ethical (see table 4.55) were identical from pre to post for the aggregate respondents. There were, however, differences in the specific weighted averages from pre to post for these occupations. Except for “member of the police”, respondents perceived all the occupations listed in tables 4.54 and 4.55 to be more unethical for the post testing than for the pre testing. The sum of the weighted averages for the respondents in aggregate as well as for each group of respondents separately display the same trend – persons from the eleven occupations on the whole were perceived to be more unethical for the post testing than for the pre testing.

The above may be because of the influence that the business ethics courses have had on respondents’ perceptions. During the business ethics courses, class discussions on ethical issues (especially those that are of concern to the business world and accountancy profession) were held and students were encouraged to read media articles and follow news reports on a regular basis (see also section 3.3). The contribution that the business ethics courses made to students staying current with and informed about real-world ethical issues, may have led to students perceiving the (business) world and people in general less naively and with more insight about what is actually taking place in the world.

Respondents' perceptions regarding the persons/occupations that are (seen to be) the most unethical (refer to table 4.54) is supported by the discussions of "recent international cases of unethical economic practices" (section 1.2), "recent South African cases of unethical economic practices" (section 1.3) and "protest in South Africa" (section 1.6.1). The specific cases listed and discussed under sections 1.2, 1.3 and 1.6.1 relate to the three persons/occupations that are perceived as the most unethical as indicated in table 4.56. The relation between the persons/occupations that students perceived to be the most unethical and actual recent cases of unethical conduct by persons in the relevant occupations may possibly further indicate that business ethics courses has an informative influence on students perceptions.

Table 4.56 Recent cases related to respondents' perceptions of unethical persons/occupations

Persons/occupation	Related case's section number	Related case
1. Politicians	1.2.3	Rupert Murdoch's "News of the World"
	1.2.4	India's telecommunication scandal
	1.2.6	Greece's governmental corruption
	1.2.7	Siemens
	1.3.1	Undelivered textbooks in Limpopo
	1.3.2	Kumba and Imperial Crown Trading
	1.3.4	Audit reports for local governments and municipalities
	1.3.5	The Protection of State Information Bill
	1.3.6	Insufficient division between state and party and non-separation of powers
	1.6.1	Protests in South Africa (especially the Lonmin/Marikana incident)
2. Government officials	1.2.2	Reserve Bank of Australia
	1.2.3	Rupert Murdoch's "News of the World"
	1.2.4	India's telecommunication scandal
	1.2.5	Bayern Landesbank and Formula One's Bernie Ecclestone
	1.2.7	Siemens
	1.3.1	Undelivered textbooks in Limpopo
	1.3.2	Kumba and Imperial Crown Trading
	1.3.3	Price-fixing by Telkom
	1.3.4	Audit reports for local governments and municipalities
	1.3.6	Insufficient division between state and party and non-separation of powers
	1.6.1	Protests in South Africa (especially service delivery protests)
3. Members of the police	1.2.3	Rupert Murdoch's "News of the World"
	1.6.1	Protests in South Africa (especially during the Lonmin/Marikana incident)

The occupation for which the greatest increase (0,19) of the weighted average in the perceived unethicity from pre to post for the aggregate respondents took place was business leaders (2,9 - pre; 3,8 – post) (refer to table 4.53). Specific cases listed and

discussed under sections 1.2, 1.3 and 1.6.1 that relate to respondents' perceived unethicity of business leaders are contained in table 4.57.

Table 4.57: Recent cases related to respondents' perceptions of the unethicity of business leaders

Related case's section number	Related case
1.2.1	Barclays
1.2.3	Rupert Murdoch's "News of the World"
1.2.5	Bayern Landesbank and Formula One's Bernie Ecclestone
1.2.7	Siemens
1.2.8	Philips Electronics
1.2.9	Olympus
1.3.1	Undelivered textbooks in Limpopo
1.3.2	Kumba and Imperial Crown Trading
1.3.3	Price-fixing by Telkom
1.6.1	Protests in South Africa (especially regarding hydraulic fracturing and electricity price increases)

It is notable that the sum of the weighted pre and post averages (refer to table 4.53) for the UFS's MBA group is greater than the corresponding weighted averages of the respondents in aggregate as well as all the other separate groups. It may be possible that the longer average period of work experience (refer to section 4.2.8) or higher average age (refer to section 4.2.1) of the MBA group as compared to the other groups, has had an influence on this group's response to question 4 since, on average, they have had more actual exposure to unethical business practices than the other groups and may have a more realistic/acute perception of ethical conduct in the world.

4.3.4.2 RESPONSE TO QUESTION 5 – PERCEPTIONS REGARDING THE EXTENT OF INFLUENCE CERTAIN FACTORS HAVE ON ETHICAL DECISION-MAKING

*“Success without honor is an unseasoned dish;
it will satisfy your hunger, but it won't taste good.”*

Joe Paterno

Question 5 is related to the topic of the relationship between ethics and the law (refer to section 3.4.2.3 for a full discussion) and do not have a clear cut “correct” answer due to its complex nature. The scenario sketched in question 5 brings to mind the tale of Robin Hood who “stole from the rich to give to the poor”. An act, such as stealing from a rich person to provide education to a poor child, may be both ethical (to an extent) and illegal at the same time, as illustrated in table 3.2 (in section 3.4.2.3). It should be noticed that the question states that the rich person “*wouldn't notice the loss of money*”. This possibly indicates that the respondent (who is presented with the opportunity to steal the money) does not run the risk to be found out. The purpose of this question was merely to test students' perception regarding what they think the extent of influence is that certain factors would have on their decision-making in an ethically complex situation.

Students were required to provide their perceptions on the extent of influence that certain factors would have on their decision-making if they were faced with the scenario sketched in question 5. Respondents had to choose the extent of influence that the specific factors could have on their decision-making according to a Likert-scale. The five-points of the Likert-scale represented the extent of influence as according to table 4.58.

Table 4.58: The Likert-scale points that were available to respondents in question 5

Likert-scale	Perception represented by the point on the Likert-scale
1	Not at all
2	Slightly
3	Moderately
4	A lot
5	Absolutely

The weighted average pre and post scores (according to the Likert-scale set out above) of the respondents' perception on the extent of influence that certain factors would have on their decision-making are contained in table 4.59 (in the order that the factors appeared in the questionnaire).

Table 4.59: Respondents' perceptions on the extent (indicated by weighted averages) to which certain factors influence their ethical decision-making

	TOTAL			CUT		UFS(EBS)		UFS(MBA)		UJ	
	pre	post		pre	post	pre	post	pre	post	pre	post
Influencing factor	Weighted average										
Own best interest	2.45	2.43		2.25	2.70	2.27	2.45	2.00	2.40	2.54	2.27
Family member's best interest	3.70	3.60		3.13	3.86	3.13	3.48	3.07	2.72	3.99	3.93
Child's best interest	4.00	3.99		3.86	4.32	3.33	3.86	3.43	3.15	4.27	4.30
Acceptable to peers	2.13	2.27		2.06	2.16	2.20	2.32	2.14	2.44	2.11	2.17
Required by the law	2.87	2.85		3.05	2.77	2.64	2.76	2.57	2.76	2.94	3.14
Society’s opinion	3.10	3.17		2.95	3.35	3.20	3.16	3.07	3.20	3.08	3.11

From table 4.59 it can be concluded that "*what is in the best interest of the child*" was perceived by respondents as the factor that would have the greatest influence on their decision-making, both during the pre and post testing. It may be that the scenario of the poor child brought about emotions (such as, for example, pity) with

respondents. These emotions possibly influenced respondents' responses to the question. It should however be noted that the ethical reasoning behind arguments that imply that unlawful or unethical conduct is justified due to an involved persons' difficult circumstances (such as for example the child's poverty in question 4 or Emmanuel's illness/tiredness or childhood poverty in question 2 – refer to the motivations provided by respondents as to why they did not deem Emmanuel's plagiarism as wrong in table 4.39, section 4.3.2.3) may often be unconvincing and/or invalid. This is another topic that possibly deserves more attention in business ethics courses especially in the South African context where socio-economic difficulties such as poverty is widespread.

4.3.4.3 RESPONSE TO QUESTION 6 – PERCEPTIONS REGARDING THE GREATEST PROBLEMS FACING SOUTH AFRICA

“A man who wants to lead the orchestra must turn his back on the crowd.”

Max Lucado

For question 6, students were required to, firstly, identify five issues that they regarded as being the greatest problems in South Africa and, secondly, rank the five identified problems from 1 to 5 according to their level of seriousness. The ranking of the problems had to take place as follows indicated in table 4.60.

Table 4.60: The ranking of problems in question 6

Ranking	Seriousness of problem
1	Greatest problem
2	Second greatest problem
3	Third greatest problem
4	Fourth greatest problem
5	Fifth greatest problem

Taking only the five highest ranking responses into account, the percentage of weighted responses per problem were calculated – the results of which are contained in table 4.61.

Table 4.61: Respondents' perceptions on the five greatest problems facing South Africa

Percentage of weighted responses for the five highest ranking items per group											
		pre	post	pre	post	pre	post	pre	post	pre	post
Response	Ranking	AGGREGATE		CUT		UFS(EBS)		UFS(MBA)		UJ	
Unemployment	1	27.88	27.16	31.47	28.62	30.15	26.80	27.50	24.03	26.57	28.15
Corruption	2	24.04	26.19	22.94	27.91	23.47	26.35	28.75	34.28	24.27	23.41
Poverty	3	18.89	17.25	15.15	14.67	19.18	18.08	13.75	15.55	19.34	16.48
HIV and Aids	4	19.51	15.67	20.88	15.92	15.69	14.71	13.75	4.95	21.05	20.28
Bad Political Leaders	5	9.68	13.73	9.56	12.88	11.52	14.06	16.25	21.20	8.78	11.67
Total		100	100	100	100	100	100	100	100	100	100

The first five positions in the ranking of the problems in South Africa that were perceived to be the most serious (see table 4.61) were identical from pre to post for the aggregate respondents. There were, however, differences in the specific percentages of weighted responses from pre to post for these problems.

It is notable that according to the percentages of weighted responses in table 4.61, respondents' perceptions regarding the seriousness of unemployment (27,88% - pre; 27,16% - post) and poverty (18,89% - pre; 17,25% - post), decreased by 0,72% and 1,64% respectively. The issues of unemployment and poverty are so closely related that one may even combine them under the same category (which would result in the aggregate percentages of weighted responses being 46,77% - pre and 44,41% - post, with a 2,36% decrease from pre to post). Respondents' perceptions on the seriousness of HIV and Aids (as compared to other problems in the country) also declined (3,48%) according to the percentages of weighted responses in table 4.16 (19,51% - pre; 15,67% - post).

On the other hand, respondents' perception regarding the seriousness of corruption (24,04% - pre; 26,19% - post) and bad political leadership (9,68% - pre; 13,73% - post) increased by 2,15% and 4,05% respectively. The issues of corruption and bad political leadership are so closely related that one may even combine them under the same category (which would result in the aggregate percentages of weighted responses being 33,72% - pre and 39,92% - post, with a 6,2% increase from pre to post).

Respondents' perceptions regarding the greatest problems facing South Africa is supported by the discussions of "recent South African cases of unethical economic practices" (section 1.3) and "protest in South Africa" (section 1.6.1). The specific cases listed and discussed under sections 1.3 and 1.6.1 relate to the five issues that are perceived as greatest problems facing South Africa as indicated in table 4.62.

Table 4.62: Recent cases related to respondents' perceptions of the greatest problems facing South Africa

Problem	Related cases' numbers	Related Cases
1. Unemployment	1.6.1	Protests in South Africa
2. Corruption	1.3.1	Undelivered textbooks in Limpopo
	1.3.2	Kumba and Imperial Crown Trading
	1.3.3	Price-fixing by Telkom
	1.3.4	Audit reports for local governments and municipalities
	1.3.5	The Protection of State Information Bill
	1.3.6	Insufficient division between state and party and non-separation of powers
3. Poverty (also indirectly)	1.3.1	Undelivered textbooks in Limpopo
	1.3.4	Audit reports for local governments and municipalities
	1.6.1	Protests in South Africa: <ul style="list-style-type: none"> • Lonmin/Marikana incident; • Strikes at other mines and in the transport and farming industries; and • Rising electricity prices
4. HIV and Aids	-	-
5. Bad political leadership	1.3.1	Undelivered textbooks in Limpopo
	1.3.2	Kumba and Imperial Crown Trading
	1.3.4	Audit reports for local governments and municipalities
	1.3.5	The Protection of State Information Bill
	1.3.6	Insufficient division between state and party and non-separation of powers
	1.6.1	Protests in South Africa: <ul style="list-style-type: none"> • Lonmin/Marikana incident; and • Strikes at other mines and in the transport and farming industry

The decrease in respondents' perception of the seriousness of HIV/Aids (3,48%), unemployment and poverty (2,36% if combined) and the increase in their perception of the seriousness of corruption and bad political leadership (6,2% if combined) is in

line with the amount and depth of exposure that these issues seem to get in the South African media, as is for instance illustrated in table 4.62 (i.e. reports on corruption and bad political leadership seem to be more prevalent in the South African media than reports on unemployment, poverty and HIV/Aids). Although respondents' perceptions of the seriousness of unemployment and poverty decreased from pre to post, these two related issues combined remain the problems that were perceived by the respondents as the most serious for South Africa. This may indicate issues of unemployment and poverty deserve to be addressed in greater depth in South African business ethics courses. Another possible reason for the decrease in students' perceptions of the seriousness of HIV/Aids, an issue especially to unmarried young adults (who represents a large percentage of the respondents (see sections 4.2.1 and 4.2.3)) who are sexually active, may be that the business ethics courses emphasised that a person should take responsibility for his own actions.

The increase in students' perceptions regarding the seriousness of corruption and bad political leadership in South Africa possibly further confirms the severity of these problems. The perceived urgency of these issues possibly also serves to motivate the time and attention spent on courses such as business ethics in accountancy and business-related tertiary programmes. If priority is not given to making an attempt to contribute to the sound ethical conduct and reasoning of prospective auditors, accountants and business leaders (through, for example, the implementation of business ethics courses in applicable university programmes), it is highly unlikely that the perceived ethical crisis in the country would improve.

The relationship between the problems that students perceived to be the most serious in South Africa and actual recent reports on such problems may possibly further indicate that business ethics courses has an informative influence on students perceptions.

4.4 CONCLUSION

*“Politics, it seems to me, for years, or all too long,
has been concerned with right or left instead of right or wrong.”*

Richard Armour

The groundwork for the empirical study (which is set out in this chapter) was founded on the comprehensive and practical literature study (see chapters 1 to 3). Several theories and pragmatic, fundamental aspects of business ethics were tested by means of well-developed, practical scenarios through which valuable findings were elucidated. The findings of the empirical study largely confirmed the conclusions of the literature study; for instance, students' perceptions (that came to light in question 4 and 6 - discussed in sections 4.3.4.1 and 4.3.4.3, respectively) that corruption and bad political leadership are among the most serious problems facing South Africa, corresponded largely with what was reported by the media (refer to sections 1.2, 1.3 and 1.6).

Various findings in the empirical study may be used to address, among others, misperceptions that future business ethics students may harbour; for instance, that difficult circumstances that a person may experience, such as illness or poverty (as was sketched in the scenarios of questions 2 and 5 – discussed in sections 4.3.2 and 4.3.4.2) justify unethical deeds, such as plagiarism or theft, committed by that person or on behalf of that person.

In future, SAICA may use the findings made in this study in the re-evaluation of curricula for business ethics courses. The findings may also be of value to accountancy (and other business-related) departments at universities and lecturers that present the applicable business ethics courses if taken into consideration that SAICA's curriculum for the subject sets out guidelines and that there exists a degree

of “academic freedom” for accountancy departments and lecturers to determine the detail contents of the courses. Lecturers could also incorporate the statistics and especially the identified possible misconceptions (of respondents) into the business ethics courses. Additionally, this study could assist in determining possible topics that should be included or emphasised more in business ethics courses, as according to the involved students’ perceptions of the greatest ethical “challenges” for South Africa. Authors that are involved in the writing or re-writing of academic textbooks on business ethics may also benefit from the empirical findings in the study.

Without going into detail on any finding, SAICA, accountancy and business-related departments at universities and business ethics lecturers should take note of the respondents’ perceptions regarding the seriousness of corruption and bad political leadership in South Africa. The above should also be taken notice of by the government and politicians.

CHAPTER 5 – SUMMARY, RECOMMENDATIONS AND CRITICAL REVIEW

“Men often hesitate to make a beginning because they feel that the objective cannot be achieved in its entirety. This attitude of mind is precisely our greatest obstacle to progress- an obstacle that each man, if he only wills it, can clear away.”

Mahatma Gandhi

5.1 INTRODUCTION

“Never doubt that a small group of thoughtful, committed citizens can change the world.”

Magaret Mead

Dr Reuel Khoza (2012), the highly regarded business leader and Chairman of Nedbank Group Limited, was harshly criticized by the South African government for including the following depiction of the unacceptable ethical condition the country currently finds itself in, in his chairman's report accompanying Nedbank's annual integrated report for 2011: *“South Africa is widely recognised for its liberal and enlightened constitution, yet we observe the emergence of a strange breed of leaders who are determined to undermine the rule of law and override the constitution. Our political leadership's moral quotient is degenerating and we are fast losing the checks and balances that are necessary to prevent a recurrence of the past. This is not the accountable democracy for which generations suffered and fought,”* (Hlongwane, 2012a; Chauke, 2012).

Probably not a single day passes without the media reporting about unethical behaviour in its various forms taking place in South Africa, as in the description above by Dr Khoza. For many citizens, the prospect of a “new” South Africa after 1994, with its rich resources and talented human capital, represented a vision of utopia after a time of intense conflict and many sacrificed lives. However, disillusionment, especially with how South Africa is governed, hangs thick in the air 18 years after the onset of democracy.

The recent Lonmin/Marikana strike and its aftermath as well as strikes in the transport and agriculture industries has dominated the South African media during 2012. These strikes are “classic case studies” of unethical conduct that face not only business people but also accountants and auditors in South Africa.

Although the rate of corruption is very high in South Africa, countries such as the USA (that are regarded as highly developed and belonging to the “first world”) also do not escape major fraud scandals. Of all the corporate collapses that shocked the international business world, Enron was probably the most infamous and significant due to its widespread international spill-over effect. Enron’s auditors, Arthur Andersen, closed down their firm in 2002 after Enron’s demise, leading to the “*Big Five*” auditing firms becoming the “*Big Four*”. Enron’s corporate financial scandal and the fall of Arthur Andersen gave rise to a loss of confidence in corporate governance and financial reporting as well as credibility and capacity crises for the audit profession.

The preceding overview of unethical economic practices provides an indication of the gravity and extensive reach of business ethics in the business world today. The accounting and auditing profession plays such an important role in the global economy that the prevalence of unethical business practices often leads to appeals for an investigation into the competence and ethical behaviour of “guilty” professionals, accompanied by a notion that the main cause of the wrongdoings may

be traced back to inadequate prominence given to ethics education within the profession.

Business ethics has formed a minor part of auditing courses at South African universities for a number of years. The focus of the ethics education did, however, rest much more on (and was in certain cases limited to) the teaching of professional ethics and disciplinary codes of conduct for the audit profession. However, as the risk for reputational damage to, and loss of public trust in the accounting and auditing profession increased, pressure on IFAC and its member bodies, such as SAICA to devote more attention to ethics education (as a means of intervening and preventing further damage to the status and credibility of the profession and better serving the public interest) also increased (Leung, et al., 2006, p. 112; Cooper, et al., 2008; Ramos, 2009).

The study aims at reaching conclusions and making recommendations regarding the suitability of the current courses and the most effective manner in which to present the business ethics courses for South African accounting students, as well as a group of MBA students. This may enable SAICA, the profession in general and universities to improve on the contents and method of presenting current business ethics courses so that the students, the profession and the South African society as a whole benefit most from it. This will also hopefully lead to students who bring a greater amount of ethical sensitivity and insight to their future work places and society in general.

In the subsequent two sections (5.2 and 5.3) a brief overview will be provided of the approach followed in and content of the literature and empirical sections of this study respectively. A few of the most important findings and recommendations made in these two sections of the study will also be considered.

5.2 OVERVIEW ON THE LITERATURE RESEARCH AND THE MOST IMPORTANT RECOMMENDATIONS AND CONTRIBUTIONS THEREOF

“It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities.”

Josiah Stamp

With the immense scale of corruption, fraud and other unethical business practices in South Africa the “worth” of business ethics and business ethics education is generally recognized and should increase in the years to come. Despite there having been consensus for more than a century that technical knowledge is totally inadequate as the basis of accounting education, the accounting curriculum continues to have a decidedly technical orientation. Merely a high technical standard of training and education and the consideration of professional and disciplinary codes alone cannot provide adequate preparation for the numerous dilemmas (ethical and otherwise) and the constantly changing environment that CAs are confronted with on a daily basis in the business world and their profession.

As business ethics is a fairly new course at accountancy departments of South African universities, limited research on a number of aspects concerning these courses are available. This especially concerns the impact that the unique, dynamic South African context and the diverse demographical background of students may have on the viewpoints and perceptions of potential, future auditors. These aspects may also influence the most effective manner in which to present the courses so that the greatest benefit for the students, the profession and society is derived from it.

The responsibility of, and ethical leadership that should be provided by accountancy educators by, for instance, developing integrated courses (such as business ethics) that raise provocative questions about the role of accountancy in present-day society and that challenges students to engage in social critique, were also considered in the study.

Chapter 1 provided the general introduction to the study, sketching the ethical dilemmas that the world is currently faced with as means to illustrate the importance of business ethics as a discipline. This was followed in Chapter 2 by an overview and discussion of the viewpoints and requirements of professional accountancy and auditing bodies regarding business ethics and business ethics education as well as an overview of business ethics modules presented by certain South African universities. Chapter 3 provided an overview of the development of business ethics as a discipline.

Subsequently, some of the most important findings and recommendations of the literature study will be elucidated:

- The literature study offers a comprehensive overview of the nature, history and curriculum-development of business ethics as a discipline. Through this, the study offers a valuable historical overview that may be of use to SAICA, academics, business students, historians and other stakeholders. One such aspect that deserves mentioning is the “eternal value” on which many business ethics “basics” are founded – for instance, the centuries-old teachings and wisdoms of the philosopher Socrates that still form core aspects on which “modern” business ethics is built.
- The identification of topics that is of interest for the inclusion in a meaningful business ethics course was discussed in depth and may be of great value to SAICA, universities’ accounting and business-related departments, lecturers that present business ethics as well as authors that are involved in the writing or re-writing of academic textbooks on business ethics.

- Important aspects regarding the manner and approach followed in the presentation of business ethics courses were elucidated. As an example, it can be mentioned that the subject should be kept pragmatic and practically applicable to prevent it from resulting in a mere philosophical and theoretical course that has little to do with ethical challenges encountered in the real business world.
- The moral degeneration in South Africa that manifests in, among others, unacceptable levels of corruption, fraud and the unprecedented flood wave of qualified audit reports for local governments and municipalities (see section 1.3.4) emphasises unambiguously the vital role that business ethics has to play in making a contribution to the fight against these unethical practices. This finding was amply substantiated in the deductions of the empirical section of the study where it was found that respondents viewed corruption and bad political leadership as among the most serious problems facing South Africa.
- Endless debates have been carried on regarding whether ethics education (and business ethics education specifically) is of any worth. The debates have, for instance, centred around whether or not people are inherently good/bad and whether ethics education accordingly really has the potential to have a positive impact on unethical (“bad”) persons. There are, however, sufficient arguments, also by authoritative international and national accounting bodies (such as IFAC and SAICA, respectively) that indicate that business ethics education is of cardinal concern to the accountancy profession and business world.

5.3 OVERVIEW ON THE EMPIRICAL RESEARCH AND IMPORTANT RECOMMENDATIONS AND CONTRIBUTIONS OF THE STUDY

*“Gun-slinger traders chase the highest margins
and returns without regard for the consequences...”*

Visser and Sunter

The empirical study (which is set out in chapter 4) was designed to test the insight of students in business ethics, by means of the students' completion of a questionnaire before (“pre”) instruction in the subject commenced and then repeating the process after students completed (“post”) one of the four business ethics courses that was selected for the study. This was done to determine the possible impact of the courses on the ethical reasoning and perceptions of accountancy and business students.

In future, SAICA may use the findings made in study in the re-evaluation of curricula for business ethics courses. The findings may also be of value to accountancy (and other business related) departments at universities and lecturers that present the applicable business ethics courses if taken into consideration that SAICA's curriculum for the subject sets out guidelines and that there exists a degree of “academic freedom” for accountancy departments and lecturers to determine the detail contents of the courses. Lecturers could also incorporate the statistics and especially the possible misconceptions (of respondents) identified into the business ethics courses. Additionally, this study could assist in determining possible topics that should be included in or emphasised more in business ethics courses, which according to the involved students' perceptions are some of the greatest ethical “challenges” for South Africa. Authors that are involved in the writing or re-writing of academic textbooks on business ethics may also benefit from the empirical findings in the study.

Subsequently, a few of the most important findings and recommendations of the empirical study will be discussed briefly:

- The groundwork of the empirical study was founded on the comprehensive and practical literature study. Several theories and pragmatic, fundamental aspects of business ethics were tested by means of well-developed, practical scenarios/case studies through which valuable findings were elucidated. The findings of the empirical study largely confirmed the conclusions of the literature study - for instance, respondents' views that corruption and bad political leadership are among the most serious problems facing South Africa.
- Various findings in the empirical study may be used to address, among others, misperceptions that future business ethics students may harbour; for instance, that difficult circumstances that a person may experience or had experienced earlier in life (such as poverty) justify unethical deeds (such as plagiarism or theft) committed by that person or on behalf of that person. The findings of the study may also be used to improve study material and business ethics textbooks and as input to, among others, SAICA with regards to the reconsideration of the business ethics curriculum.
- Business ethics is a relatively new field of study and it is only from 2013 onwards that SAICA-accredited South African universities must have their CA-stream curricula and academic programmes adjusted to implement the required changes, which include (the equivalent of) a semester course in business ethics, as according to the Competency Framework (SAICA, 2010b, p. 1). This was possibly the first study performed to contain scientific, empirical data regarding various aspects of business ethics courses that are aligned with SAICA's Competency Framework. Consequently, the study may offer an important foundation that can further be built on in future.

5.4 LIMITATIONS OF THE STUDY AND POSSIBILITIES FOR FUTURE RESEARCH

“Economic growth, environmental protection, and educational systems must be addressed together as part of a vision of sustainability”

E. S. Woolard

In sections 5.2 and 5.3, a brief overview of the literature and empirical study was offered. In this section, various aspects about which future research can be performed are identified, among other things. There are touch points between this section and sections 5.2 and 5.3 and the interaction between these three sections should be kept in mind.

Subsequently, the most important limitations of the study will be elucidated briefly and for each of the identified limitations possibilities will be mentioned on how the limitation may be overcome, for instance, by making use of different research methodologies or points of departure than those used in this study. (The term “limitation” should not be viewed in a negative light since for any research, “boundaries” has to be set and “everything” about a subject cannot possibly be extrapolated within the constraints of a study.) Thereafter, further research possibilities (that do not necessarily flow from the limitations of the study) will be considered.

In the following discussion, a few of the most important findings and recommendations regarding the study’s limitations and further research possibilities will be considered:

- The empirical study was performed at only three South African universities. The students that formed part of the SAICA accredited programs (which are presented at two of the applicable universities) participated in Project Alpha (which was referred to in sections 2.7, 3.4.1 and 4.1.1). In a further study, students from other South African universities may also be included – especially students that do not participate in Project Alpha (to, for instance, be able to make a comparison regarding certain aspects between students that participate and those that do not participate in Project Alpha). Furthermore, since the study was limited to three South African universities, foreign universities may also be involved in future studies in order to be able to perform an internationally comparative study. A follow-up study could also be performed among, for instance, students in their first-, third- and CTA-years of study in order to determine how their perceptions and insights on business ethics differ over the various years of study and how (if possible) for purposes of this study, their perceptions compare to students in their second year of study. The study could further be expanded to, for instance, prospective CAs who are underway with their training contracts to determine the possible impact of “practical work experience” on aspects such as their ethical perceptions and reasoning (as compared to that of students). Additionally, the study could be expanded to include qualified CAs as well.
- For this study, the responses to the questionnaire was not analysed by means of sophisticated statistical models (especially due to the scope and nature of this study). In future studies, especially at doctoral level, such sophisticated statistical models could be used to analyse data. This study also did not contain in-depth, statistical analyses that related demographic data (see “part A” of the questionnaire in annexure A and B) such as respondents’ age, gender and ethnicity to the answers of respondents on the questions that tested their ethical reasoning and perceptions (see “part B” of the questionnaire in annexure A and B). This could also be addressed in future studies.

- The manner in which the population and the sample of respondents were determined, was discussed in detail (including the limitations) in sections 4.1.2.3 and 4.2 and will not be repeated here. Only one aspect will be discussed, as an example. All the students that were registered for the applicable courses represented the “theoretical” population, but not all students (the whole “population”) attended the scheduled lectures during which the questionnaires were completed (due to problems such as late registrations). For a similar future study, a statistically representative sample could for instance be extracted from the “population” (all registered students) to act as respondents for the study. However, the logistical and practical problems regarding this approach will not be explained here.

Subsequently, a few further research possibilities (that also do not necessarily result from the preceding limitations) will be discussed briefly:

- All the respondents to this study that were enrolled for accountancy programmes make use of the same prescribed business ethics textbook. For future studies, empirical research regarding, for instance, respondents’ views on aspects of the textbook such as the relevancy and systematic layout of topics, the appropriateness of case studies and unclarities that appear in the textbook may be performed.
- Comparative studies on the ethical reasoning and perceptions of students in business ethics and, for instance, medical students could also be considered for future research.

5.5 CONCLUSION

*“If we say we have given more of ourselves than we have taken
from others, we have made a spiritual profit”*

Agha Hagan Abedi

Business ethics is a discipline of which the worth is thoroughly realised by international (e.g. IFAC) and national (e.g. SAICA) accountancy bodies. Consequently, business ethics was built into these bodies' suggested/prescribed curriculums for holistic accounting education. Accountancy practitioners also endorse the preceding, as is visible through the involvement of two of the “Big Four” audit firms, E & Y and PwC, with business ethics education projects at the UFS and UJ (E & Y) and the CUT (PwC). Not only do partners and other highly qualified personnel of these two audit firms offer some of their precious time to delivering presentations and the evaluation of students' projects, but the firms also spend considerable amounts on sponsorships for prestige prize-giving functions and prizes for the winning groups. It is encouraging for the accounting profession and the future of South Africa that the worth of business ethics is held in such high esteem by distinguished international role players such as E & Y and PwC.

Most probably, very little of what an accountant or auditor studied at university about taxation laws and financial reporting standards, to name only two, would still be effective by the time he reaches the end of his (on average, more or less) forty-year career. Every year, new and updated laws and standards (applicable to the “technical” work performed by accountants and auditors) are published and eventually most lecturers, students and professionals get rid of the previous years' outdated books in their possession. However, teachings on ethical truths and principles cannot become obsolete as is the case with certain highly technical details studied by accountants and auditors. Thus, if a sound ethical foundation is laid at university level, an accountant or auditor should be able to carry the ethical

principles and “tools” studied with him throughout his career and the rest of his life, with it staying just as relevant and applicable as when he studied it at university level.

*“When you take the high moral road it is difficult for
anyone to object without sounding like a complete fool.”*

Dame Anita Roddick

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ANNEXURE A – RESEARCH QUESTIONNAIRE ON BUSINESS ETHICS

BACKGROUND INFORMATION FOR RESPONDENTS

Your voluntary participation in this study will be appreciated. The results and recommendations of this study could be used to improve the business ethics courses at several universities throughout South Africa. It will furthermore form part of an empirical study in fulfilment of a master's degree (M.Com) in accounting and auditing.

Your responses to this questionnaire are confidential, which implies that your name can in no way be connected to your answers. The results of the questionnaire will only be presented in summary form.

The researcher guarantees that no harm (physically, psychologically or emotionally) will come to you, the respondent, because of participation.

This questionnaire consists out of two parts (a demographical section [PART A] and a section with ethics scenarios [PART B]) that should both be completed.

The questionnaire should be completed individually, without discussing it with your fellow students.

Thank you for your participation.

Name of academic institution:

PART A – DEMOGRAPHIC INFORMATION

I would appreciate the following descriptive information regarding you. Again, this cannot be used in any way to identify you, but simply to allow scientific grouping of respondents when the data are analysed. Complete this section by simply **filling in the blank spaces** or **colouring the circle** alongside your chosen answer.

1. How old will you be on 31 December 2012? _____
(years)

2. What is your gender?

Male ☐

Female ☐

3. What is your marital status?

Married ☐

Divorced ☐

Single ☐

4. What is your ethnicity?

Asian ☐

Black ☐

Coloured ☐

White ☐

Diverse/mixed racial descent ☐

5. Of what country are you a citizen?

- | | |
|--------------|-----------------------|
| Angola | <input type="radio"/> |
| Botswana | <input type="radio"/> |
| Lesotho | <input type="radio"/> |
| Malawi | <input type="radio"/> |
| Mozambique | <input type="radio"/> |
| Namibia | <input type="radio"/> |
| South Africa | <input type="radio"/> |
| Swaziland | <input type="radio"/> |
| Zambia | <input type="radio"/> |
| Zimbabwe | <input type="radio"/> |
| Other | _____ (specify) |

6. What is your mother tongue?

- | | |
|------------|-----------------------|
| Afrikaans | <input type="radio"/> |
| English | <input type="radio"/> |
| IsiNdebele | <input type="radio"/> |
| IsiXhosa | <input type="radio"/> |
| IsiZulu | <input type="radio"/> |
| Sepedi | <input type="radio"/> |
| Sesotho | <input type="radio"/> |
| Setswana | <input type="radio"/> |
| SiSwati | <input type="radio"/> |

- Tshivenda ☐
- Xitsonga ☐
- Other _____ (specify)

7. What is your religion?

- African Ancestry ☐
- Animism ☐
- Atheism ☐
- Christianity ☐
- Hinduism ☐
- Islam ☐
- Judaism ☐
- Other _____ (specify)

8. What is the cumulative duration of your full-time work experience?

- None ☐
- 0 - 1 years ☐
- 2 - 5 years ☐
- 5 - 10 years ☐
- More than 10 years ☐

9. For what academic programme are you currently registered?

B.Tech.: Cost and Management Accounting ☐

B.Tech.: Financial Information Systems ☐

B.Tech.: Internal Auditing ☐

B. Accounting ☐

B.Com. Accounting ☐

Other _____ (specify)

10 . Were you exposed to any formal ethics education/training before?

Yes ☐

No ☐

11 . Are you repeating this course?

Yes ☐

No ☐

12 . What is the highest academic qualification you have completed?

National Senior Certificate ("grade 12") ☐

National Higher Certificate ☐

National Diploma ☐

Bachelor's degree ☐

Other _____ (specify)

PART B – ETHICS SCENARIOS

Question 1

You are a B.Com student and you live in one of the hostels on the campus. During the first hostel meeting of the year, Dr A from the Blood Donation Service comes to address the students and requests that everyone in the hostel donate blood regularly at the clinic on the campus.

Student B asks how often a person can donate blood, how long it takes to donate blood and how much the Blood Donation Service pays the student for each donation. Dr A replies that a person may donate blood every 52 days, that it takes about 45 minutes per donation, and that people donating blood do not receive any remuneration for donations.

Please answer each question.

(a) The Blood Donation Service should pay people for donating blood.

YES	NO
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(b) i) If your answer to the question in (a) is **YES**, write down in **one sentence** why you chose **YES**.

OR

ii) If your answer to the question in (a) is **NO**, write down in **one sentence** why you chose **NO**.

Question 2

Emmanuel Maramba grew up in very poor circumstances. After a church service when he was 8 years old, he meets Father Holly Good. Father Holly Good realises immediately that Emmanuel is very intelligent and he arranges via the church structure for the boy to be sent to a very good church school. After completing his school career, the church sends Emmanuel to university where he qualifies as a doctor. He is the best medical student of his year throughout his studies, and the only student to receive his degree *cum laude* (with distinction). During his holidays Emmanuel always returns to the town where he grew up, and works voluntarily in the medical clinics.

After he completes his final examination, the board of the medical faculty decides to enter Emmanuel for South Africa's *Young Doctor Award* competition. Each university can only enter one recently-qualified young doctor as candidate. All candidates must deliver a 50-minute lecture on a subject on which he/she has done research. A panel of international selectors then choose the winner on the grounds of his or her lecture. During the holiday, when Emmanuel has to do the research for his lecture, he contracts a rare infection that leaves him partially paralysed. He is admitted to the intensive care unit of the hospital for a week. After he recovers, he realises that he has very little time to do proper research for his lecture. He does an internet search and discovers about 10 000 very good articles and presentations on the subject that he wants to use for his lecture. After he has fully recovered, he isolates himself for a week, puts together the best sections out of a few of the articles and presentations and ensures that it is properly edited for language and technicalities. He does not give any references or any acknowledgement to the sources from which he has copied the excerpts. During the *Young Doctor Award* competition, Emmanuel is chosen as the South African winner and he wins R30 000. The rest of his prize includes a trip to England to attend the international Young Doctor Award competition, where he must deliver his winning presentation. The international winner will receive a prize of R80 000.

After the South African competition, all the South African newspapers run articles about the “clever young doctor”. Emmanuel receives a hero’s welcome in his home town. After the service on Sunday, he goes to greet Father Good and confesses to him that his presentation consists of work taken from other people’s articles and presentations and that he has not acknowledged the sources or referred to them. He asks Father Good what he should do.

Please answer the following:

(a) Did Emmanuel do anything wrong by not acknowledging or referring to the articles and presentations?

YES	NO
------------	-----------

(b) i) If your answer to the question in (a) is **YES**, write down in **one sentence** why you chose **YES**.

OR

ii) If your answer to the question in (a) is **NO**, write down in **one sentence** why you chose **NO**.

(c) What advice should Father Good give Emmanuel? (Choose only **ONE** option.)

- That he should notify the organisers of the *Young Doctor Award* competition that the research was not his own. ☐
- That he should pay back the R30 000 to the organisers of the *Young Doctor Award* competition without giving any reasons for paying the money back. ☐
- That he should pay back the R30 000 to the organisers of the *Young Doctor Award* competition and notify them that he did not acknowledge the articles and presentations or provide references to them. ☐
- Just not turn up at the competition in England. ☐
- Just withdraw from the competition in England and tell the organisers that he is sick and will not be able to travel overseas. ☐
- Just go and give the lecture in England. ☐

Question 3

Two years ago, SAGold, a big South African mine, appointed a person from Somalia. He is still a Somalian citizen, but he has all the necessary work permits to work in South Africa. During his holiday he goes back to Somalia for a month. He is arrested for the killing of a very rare, endangered species of wild bird (*Amaflyfly*) in Kenya, a country bordering on Somalia. In Kenya he is found guilty of being in the country illegally (without a passport), and also for shooting the protected wild bird. He has to serve three months' jail sentence in Kenya and is not able to let SAGold know that he is in jail. His employer believes that he has decided to stay in Somalia and that he will not return to South Africa. When he comes back to SAGold, the company informs him that it has a very strict policy regarding crime, and that he will have to appear before a disciplinary committee. According to the company, he will probably be fired because the company policy stipulates that no employee who has had to serve a jail sentence while in the service of SAGold, may continue to work for SAGold.

He informs SAGold that he is a member of the very small Bafuna tribe. It is the tradition of this tribe that if a young man wishes to marry, he must go over the border to Kenya and must shoot an *Amaflyfly*. He must then bring a tail-feather of the dead bird to the chief of the tribe. Thereafter, the chief will give the instruction that the young man can be circumcised, initiated and declared a "man". The young man had hidden the tail-feather well when he was in jail, and had given it to the chief after he was set free. The man also tells SAGold that, during the holiday, he became engaged to a lady in Somalia and that they will marry in six months' time. If he isn't declared a "man" by the chief, he cannot marry her.

Please answer the following by choosing either **YES** or **NO**:

- | YES | NO |
|-----|----|
| | |
- Should SAGold hold a disciplinary hearing because the man was in jail?
- | | |
|--|--|
| | |
|--|--|
- Should SAGold fire the man because he was in jail?
- | | |
|--|--|
| | |
|--|--|
- The tradition of the man is more important than SAGold's policy and SAGold should respect the man's tradition and not hold the disciplinary hearing or fire the man.
- | | |
|--|--|
| | |
|--|--|
- If this man had been a South African citizen (instead of a Somali citizen), he should be treated differently by SAGold.

Question 4

What is **your perception** regarding how **ethical or unethical** the following people are? (Give a mark on a **five-point scale**: 1 is very ethical and 5 is very unethical.)

- Church leaders
- Members of police
- Lawyers
- Auditors
- Soldiers
- Politicians
- Business leaders
- Medical doctors
- Teachers
- Lecturers at the university where you study
- Government officials

Question 5

You were faced with the following dilemma: the opportunity to steal money from a very rich person (who wouldn't notice the loss of money) in order to pay the school fees of a poor family member's child. Please indicate to what extent the outcome of your decision would depend on the following:

	Not at all	Slight- ly	Mode- rately	A lot	Abso- lutely
What is in my own best interest					
What is in the best interest of the family member					
What is in the best interest of the child					
What is acceptable to my peers					
What the law requires					
What society would think of your conduct if the details of the dilemma were known to them					

Question 6

In your opinion, what are the **FIVE** greatest problems facing South Africa at present?

(Only indicate **FIVE** of the problems mentioned below. Indicate the greatest problem with a 1; the second greatest with a 2; the third greatest with a 3; the fourth greatest with a 4 and the fifth greatest with a 5.)

Unemployment	
Corruption	
Poverty	
HIV and Aids	
Poor school system	
Incidents of rape	
Poor university system	
Murder	
Theft	
Nepotism	
Cadre deployment	
War	
Bad political leaders	
Road accidents	
Violence against women and children	
Other* _____ (specify)	
_____ (specify)	

*There may only be FIVE problems in total including the "other" categories.

ANNEXURE B – NAVORSINGSVRAELYS OOR BESIGHEIDSETIEK

AGTERGRONDINLIGTING VIR RESPONDENTE

U vrywillige deelname aan hierdie studie sal waardeer word. Die resultate en aanbevelings van hierdie studie kan gebruik word om die sake-etiekkursusse aan verskeie universiteite regdeur Suid-Afrika te verbeter. Dit sal voorts deel vorm van 'n empiriese studie ter voltooiing van 'n magistergraad (M.Com.) in Rekeningkunde en Ouditkunde.

U antwoorde in hierdie vraelys is vertroulik wat beteken dat u naam geensins aan u antwoorde gekoppel kan word nie. Die resultate van die vraelys sal slegs in 'n opsomming vervat word.

Die navorser waarborg dat u geen skade (fisiek, sielkundig of emosioneel) sal ly vanweë u deelname nie.

Hierdie vraelys bestaan uit twee dele - 'n demografiese afdeling [DEEL A] en 'n afdeling met etiek-secenario's [DEEL B] wat beide voltooi moet word.

Die vraelys moet individueel voltooi word, sonder om dit met medestudente te bespreek.

Dankie vir u deelname.

Naam van academische instelling:

DEEL A – DEMOGRAFIESE INLIGTING

Ek sal die volgende beskrywende inligting oor u waardeer. Weer eens kan dit nie op enige wyse gebruik word om u te identifiseer nie, maar slegs om die wetenskaplike groepering van respondente moontlik te maak wanneer die data ontleed word. Voltooi hierdie afdeling deur slegs **die leë spasies te voltooi** of **die sirkel** langs u gekose antwoord **in te kleur**.

1. Hoe oud sal u op 31 Desember 2012 wees? _____ (jaar)

2. Wat is u geslag?

Manlik O

Vroulik O

3. Wat is u huwelikstatus?

Getroud o

Geskei O

Enkel o

4. Wat is u etnisiteit?

Asiër

Swart

Kleurling	0
-----------	---

Wit ○

Diverse/gemengde rasse-oorsprong 0

5. Van watter land is u'n burger?

Angola ☐

Botswana ☐

Lesotho ☐

Malawi ☐

Mosambiek ☐

Namibië ☐

Suid-Afrika ☐

Swaziland ☐

Zambië ☐

Zimbabwe ☐

Ander _____ (spesifiseer)

6. Wat is u moedertaal?

Afrikaans ☐

Engels ☐

Ndebele ☐

Xhosa ☐

Zulu ☐

Pedi ☐

Sotho ☐

Tswana ☐

Swati ☐

- Venda ☐
- Tsonga ☐
- Ander _____ (spesifiseer)

7. Wat is u godsdiens?

- Afrika-voorvaders ☐
- Animisme ☐
- Ateïsme ☐
- Christendom ☐
- Hindoeïsme ☐
- Islam ☐
- Judaïsme ☐
- Ander _____ (spesifiseer)

8. Wat is die kumulatiewe duur van u voltydse werkservaring?

- Geen ☐
- 0-1 jaar ☐
- 2-5 jaar ☐
- 5-10 jaar ☐
- Meer as 10 jaar ☐

9. Vir watter akademiese program is u tans geregistreer?

B.Tech.: Koste- en Bestuursrekeningkunde ☐

B.Tech.: Finansiële Inligtingstelsels: ☐

B.Tech.: Interne Ouditkunde ☐

B. Rekeningkunde ☐

B.Com. Rekeningkunde ☐

Ander _____ (spesifiseer)

10. Is u vantevore aan enige formele onderwys/opleiding oor etiek blootgestel?

Ja ☐

Nee ☐

11. Herhaal u hierdie kursus?

Ja ☐

Nee ☐

12. Wat is die hoogste akademiese kwalifikasie wat u behaal het?

Nasionale Senior Sertifikaat (graad 12) ☐

Nasionale Hoër Sertifikaat ☐

Nasionale Diploma ☐

'n Baccalaureusgraad ☐

Ander _____ (spesifiseer)

DEEL B – ETIEK-SCENARIO'S

Vraag 1:

U is 'n B.Com.-student en u woon in een van die koshuise op die kampus. Gedurende die eerste koshuisvergadering kom praat dr. A van die Bloedoortappingsdiens met die studente en versoek dat almal in die koshuis gereeld moet bloed skenk by die kliniek op die kampus.

Student B vra hoe dikwels 'n persoon bloed kan skenk, hoe lank dit neem om bloed te skenk en hoeveel die Bloedoortappingsdiens die student vir elke skenking betaal. Dr. A antwoord dat 'n persoon elke 52 dae mag bloed skenk, dat dit ongeveer 45 minute per skenking duur en dat mense wat bloed skenk nie enige vergoeding vir skenkings ontvang nie.

Beantwoord asseblief elke vraag.

- (a) Die Bloedoortappingsdiens moet mense betaal om bloed te skenk.

JA	NEE
-----------	------------

- (b) i) Indien u antwoord op die vraag in (a) **JA** is, skryf in **een sin** waarom u **JA** gekies het.

OF

- ii) Indien u antwoord op die vraag in (a) **NEE** is, skryf in **een sin** waarom u **NEE** gekies het.

Vraag 2

Emmanuel Maramba het in baie arm omstandighede grootgeword. Na 'n kerkdien, toe hy 8 jaar oud was, ontmoet hy Vader Holly Good. Vader Holly Good besef onmiddellik dat Emmanuel baie intelligent is en hy reël via die kerkstruktuur vir die seun om na 'n baie goeie kerkskool gestuur te word. Na voltooiing van sy skoolloopbaan, stuur die kerk Emmanuel universiteit toe waar hy as dokter kwalifiseer. Hy is die beste mediese student van sy jaar regdeur sy studies en die enigste student wat sy graad cum laude (met lof) ontvang. Gedurende die vakansies kom Emmanuel altyd terug na die dorp waar hy grootgeword het en werk hy vrywillig in die mediese klinieke.

Nadat hy sy finale eksamen voltooi het, besluit die raad van die mediese fakulteit om Emmanuel vir Suid-Afrika se Young Doctor Award-kompetisie in te skryf. Elke universiteit kan slegs een jong dokter wat onlangs gekwalifiseer het as kandidaat inskryf. Alle kandidate moet 'n lesing van 50 minute gee oor 'n onderwerp waarvoor hy/sy navorsing gedoen het. 'n Paneel van internasionale keurders kies dan die wenner op grond van sy of haar lesing. Gedurende die vakansie, toe Emmanuel die navorsing vir sy lesing moes doen, doen hy egter 'n rare infeksie op wat hom gedeeltelik verlam laat. Hy word vir 'n week in die intensiewesorgeenheid van die hospitaal opgeneem. Na sy herstel, besef hy dat hy baie min tyd het om behoorlik navorsing vir sy lesing te doen. Hy doen 'n internetsoektog en ontdek omtrent 10 000 baie goeie artikels en voordragte oor die onderwerp wat hy vir sy lesing wil gebruik. Nadat hy volledig herstel het, isoleer hy homself vir 'n week, sit die beste dele uit 'n aantal van die artikels en voordragte bymekaar en maak seker dat dit behoorlik geredigeer word met betrekking tot taal en tegniese aspekte. Hy gee geen verwysings of enige erkenning van die bronne waaruit hy sy uittreksels gekopieer het nie. Tydens die Young Doctor Award-kompetisie word Emmanuel gekies as die Suid-Afrikaanse wenner en ontvang hy R30 000. Die res van die prys sluit 'n reis na Engeland in om die internasionale Young Doctor Award-kompetisie by te woon, waar hy sy wenvoordrag moet lewer. Die internasionale wenner sal 'n prys van R80 000 ontvang.

Na afloop van die Suid-Afrikaanse kompetisie is daar in al die Suid-Afrikaanse nuusblaaie artikels oor die “slim jong dokter”. Emmanuel ontvang ’n heldeverwelkoming in sy tuisdorp. Na die diens op die Sondag, gaan hy om Vader Good te groet en bely hy teenoor hom dat sy voordrag uit werk bestaan wat hy uit ander mense se artikels en voordragte geneem is en dat hy nie erkenning aan die bronne gegee het of daarna verwys het nie. Hy vra Vader Good wat hom te doen staan.

Beantwoord asseblief die volgende:

- (a) Het Emmanuel enigiets verkeerd gedoen deur nie erkenning te verleen of na die artikels en voordragte te verwys nie?

JA	NEE
-----------	------------

- (b) i) Indien u antwoord op die vraag in (a) **JA** is, skryf in **een sin** waarom u **JA** gekies het.

OF

- ii) Indien u antwoord op die vraag in (a) **NEE** is, skryf in **een sin** waarom u **NEE** gekies het.

(c) Watter raad moet Vader Good aan Emmanuel gee? (Kies slegs **EEN** opsie.)

- Dat hy die organiseerders van die *Young Doctor Award*-kompetisie in kennis moet stel dat die navorsing nie sy eie was nie.

☐

- Dat hy die R30 000 aan die organiseerders van die *Young Doctor Award*-kompetisie moet terugbetaal sonder om enige redes te verskaf waarom hy die geld terugbetaal.

☐

- Dat hy die R30 000 aan die organiseerders van die *Young Doctor Award*-kompetisie moet terugbetaal en hulle in kennis moet stel dat hy nie erkenning aan die artikels en voordragte verleen het nie of verwysings verskaf het nie.

☐

- Dat hy net nie by die kompetisie in Engeland moet opdaag nie.

☐

- Dat hy hom net van die kompetisie in Engeland moet onttrek en aan die organiseerders moet sê dat hy siek is en dat hy nie oorsee sal kan reis nie.

☐

- Dat hy net na Engeland moet gaan en die lesing gaan gee.

☐

Vraag 3:

Twee jaar gelede het SAGold, 'n groot Suid-Afrikaanse myn, 'n persoon uit Somalië aangestel. Hy is steeds 'n Somaliese burger, maar hy beskik oor al die nodige werkpermitte om in Suid-Afrika te werk. Gedurende sy vakansie gaan hy vir 'n maand terug na Somalië. Hy word gearresteer vir die doodmaak van 'n rare, bedreigde wilde voël (Amaflyfly) in Kenia, 'n land wat grens aan Somalië. In Kenia word hy skuldig bevind omdat hy onwettig in die land is (sonder 'n paspoort), en ook vir die skiet van 'n beskermde wilde voël. Hy moet 'n vonnis van drie maande tronkstraf in Kenia uitdien en is nie in staat om SAGold te laat weet dat hy in die tronk is nie. Sy werkgever is onder die indruk dat hy besluit het om in Somalië te bly en dat hy nie na Suid-Afrika sal terugkeer nie. Met sy terugkeer na SAGold, stel die maatskappy hom in kennis dat hulle 'n baie streng beleid ten opsigte van misdaad het en dat hy voor 'n dissiplinêre komitee sal moet verskyn. Volgens die maatskappy sal hy waarskynlik ontslaan word omdat die maatskappybeleid stipuleer dat geen werknemer wat tronkstraf moet uitdien terwyl hy/sy in diens van SAGold is, mag voortgaan om vir SAGold te werk nie.

Hy lig SAGold in dat hy 'n lid is van die baie klein Bafuna-stam. Dit is die tradisie van hierdie stam dat wanneer 'n jong man wil trou, hy oor die grens na Kenia moet gaan om 'n Amaflyfly te skiet. Hy moet dan 'n stertveer van die dooie voël vir die stamhoof terugbring. Daarna sal die hoof opdrag gee dat die jong man besny, geïnisieer en as 'n "man" verklaar kan word. Die jong man het die stertveer goed weggesteek toe hy in die tronk was en het dit aan die stamhoof oorhandig nadat hy vrygelaat is. Die man het ook aan SAGold gesê dat hy gedurende die vakansie verloof geraak het aan 'n meisie in Somalië en dat hulle binne ses maande sou trou. Indien hy nie deur die stamhoof as 'n "man" verklaar word nie, sou hy nie met haar kan trou nie.

Beantwoord asseblief die volgende vrae deur of JA of NEE te kies:

- | JA | NEE |
|----|-----|
| | |
- Moet SAGold 'n dissiplinêre verhoor hou omdat die man in die tronk was?
-
- | | |
|--|--|
| | |
|--|--|
- Moet SAGold die man ontslaan omdat hy in die tronk was?
-
- | | |
|--|--|
| | |
|--|--|
- Die tradisie van die man is belangriker as SAGold se beleid en SAGold moet die man se tradisie respekteer en nie die dissiplinêre verhoor hou of die man ontslaan nie.
-
- | | |
|--|--|
| | |
|--|--|
- Indien hierdie man 'n Suid-Afrikaanse burger was (in plaas van 'n Somaliese burger), sou SAGold hom anders behandel het.

Vraag 4:

Wat is u **persepsie** oor hoe **eties of oneties** die volgende persone is? (Gee 'n punt op 'n **vyfpuntskaal**: 1 is baie eties en 5 is baie oneties.)

- Kerkleiers
- Lede van die polisie
- Prokureurs
- Ouditeure
- Soldate
- Politici
- Sakeleiers
- Mediese dokters
- Onderwysers
- Dosente aan die universiteit waar u studeer
- Regeringsamptenare

Vraag 5:

U word met die volgende dilemma gekonfronteer: Die geleentheid om geld te steel van 'n baie ryk persoon (wat nie die verlies van die geld sal agterkom nie) ten einde die skoolgeld van 'n baie arm familielid se kind te betaal. Dui asseblief aan tot watter mate die uitkoms van u besluit van die volgende sal afhang:

	Geensins nie	'n Bietjie	Taamlik	Baie	Volkome
• Wat in my eie belang is.					
• Wat in die beste belang van die familielid is.					
• Wat in die beste belang van die kind is.					
• Wat vir my portuur aanvaarbaar is.					
• Wat die wet vereis.					
• Wat die samelewing van u optrede sal dink indien die besonderhede van die dilemma aan hulle bekend sou word.					

Vraag 6:

In u opinie, wat is die VYF grootste probleme wat Suid-Afrika tans in die gesig staar?

(Dui slegs VYF van die ondergenoemde probleme aan. Dui die grootste probleem aan met 'n 1; die tweede grootste met 'n 2; die derde grootste met 'n 3, die vierde grootste met 'n 4 en die vyfde grootste met 'n 5.)

Werkloosheid	
Korrupsie	
Armoede	
MIV en Vigs	
Swak skoolstelsel	
Voorkoms van verkragting	
Swak universiteitstelsel	
Moord	
Diefstal	
Nepotisme (familiebegunstiging)	
Kaderontplooiing	
Oorlog	
Swak politieke leiers	
Padongelukke	
Geweld teen vroue en kinders	
Ander* _____ (spesifiseer)	
_____ (spesifiseer)	

* Daar mag slegs **VYF** probleme in totaal wees, insluitende die kategorie "ander".