



Cape Peninsula
University of Technology

**THE INFLUENCE OF ORGANIZATIONAL POLICIES ON OFFICE
ADMINISTRATORS' ETHICS IN SELECTED FINANCIAL SERVICES COMPANIES
IN SOUTH AFRICA**

by

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**Thesis submitted in fulfilment of the requirements for the degree
Doctor of Technology in Office Management and Technology
in the Faculty of Business and Management Sciences
at the Cape Peninsula University of Technology**

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District Six, Cape Town

June 2022

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ABSTRACT

This thesis sought to explore the alignment between individual ethical values and organizational policies and value systems that are embedded within decision-making processes within the financial services industry. The assumption was that financial services administrators are very often the first persons who are blamed for the ethical indiscretions that abound within the financial services industry. The financial industry is tainted with ethical scandals involving all levels of employees. Business ethics is viewed as an oxymoron with the perception that business and ethics cannot find common ground in relation to a harmonious partnership so as to generate a profit resulting in utilitarian consequences. Global and national economic developments have placed great demands on businesses to remain competitive. As businesses strive to achieve competitive advantage, employees are placed under extreme pressure to meet their own financial needs and the targets set by companies. A current tendency is to capture what is assumed to be generally acceptable ethical and behavioural belief systems of employees in policy documents to regulate operating processes leading to compliance. It has always been assumed that ethical conduct of workers is always influenced by institutions such as religious or cultural affiliations within an egalitarian society. The need to survive is the predominant reason amongst employees why they work, and this need results in obsessive egocentric approaches to achieving sales targets thus ignoring social teachings that were supposed to be their moral guide. Employees are always ambivalent around their own value systems, company policies and their own material desires that need to be satisfied. Businesses are faced with challenges relating to ethical management and corporate governance forcing them to implement ethical codes of conduct mitigating against all kinds of risks they face. The theoretical foundations used by business to inform their ethical guide is found in social norms and standards of behaviour captured within legislation utilized within the macro-economic environment in which they operate.

Given the above the study reviewed process modelling for policy formulation within organizations and endeavoured to develop a process for decision-making underpinned by structuration theory.

The study was further motivated by the fact that in most organizations and in particular, in the financial service industry, there is a wide gap between what policies and values hope to achieve and what employees do. It is argued that the problem that organizations are faced with is to find congruence between organizational codes of ethics, policies, individual ethics, and decision-making. The study used a theoretical framework that provides new insights into how organizational policies and individual ethics impact on decision-making within the financial services industry. The study was conducted using empirical evidence derived from 220 questionnaires as the primary measuring tool from a 45% response rate. The main

findings exposed the notion that ethical codes of conduct or policies direct the behaviour of employees.

The result of this research indicate that structure is the medium for action and that employees interact with a structure that is formed by rules in whose formation they have participated. Structure therefor has a greater influence in individuals than individuals have on structure. The outcome of the study illuminates the fact that organizational policies have an impact on the decision-making of office administrators and that greater participation in the formulation of policies results in greater compliance. The implication is that employees must be the custodians of the structure that underpins process and rules.

ACKNOWLEDGEMENTS

I wish to thank:

- Almighty God for the strength, insight, and knowledge.
- My supervisor Dr Michael Twum-Darko, for all his input, encouragement, and patience over the years. It is highly appreciated.
- My parents Cynthia and Agostinho Da Costa for giving me a firm educational foundation
- My wife Venetia, my sons Conal and Anton for their continuous support.
- The Cape Peninsula University of Technology for financial assistance towards this research.

DEDICATION

This thesis is dedicated to my late parents Cynthia and Agosthino Da Costa who filled my live with love. Your contribution to my success is greatly appreciated and rewarded with this achievement. Rest in Peace.

“Never collect rocks on your way up a mountain as you may never reach the summit.” Anon

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GLOSSARY

Listed alphabetically in the table below are several acronyms, terms, and concepts pertinent to the following research study, as well as their generally accepted definitions.

ACRONYM	DEFINITION
CPA	Consumer Protection Act, Act 68 of 2008.
CRSA	Constitution of the Republic of South Africa, Act 108 of 1996.
CVF	Competing Values Framework (Quinn & Rohrbaugh 1983)
DCT	Divine Command Theory
DSS	Decision Support System
G20	The G20 or Group of Twenty is an international forum for the governments and central bank governors from 20 major economies. It was founded in 1999 with the aim of studying, reviewing, and promoting high-level discussion of policy issues pertaining to the promotion of international financial stability.

GFC	Global Financial Crisis of 2007–2008 , was a severe worldwide financial crisis in which excessive risk-taking by banks particularly in the USA caused share prices to drop and also led to the bankruptcy of Lehman Brothers.
IRC	Institutional Rational Choice
ISCT	Integrative Social Contract Theory
NCA	National Credit Act, Act 34 of 2005.

TERMS AND CONCEPTS	DEFINITION
Administrators	Individuals involved in the data collection, capturing and processing of client information, applications, loans, and credit management with a financial services company.
Agent-relative theory	Reasoning for an action that is dependent on the person involved.
Consumer protection group	An institution or formation established for the promotion and protection of consumer rights.

Corporate governance	Refers to the processes and relations by which a corporation is governed.
De dicto	Relating to the assertion of a belief itself and not the individuals involved.
Egalitarian	The belief that everyone is equal deserving the same rights and opportunities.
Epistemic faculties	The degree of understanding or knowledge and the validation thereof.
Ethical discernment	Non-judgmental understanding of moral standards within society, how they affect the lives of people and how they shape decision making.
Ethical presupposition	An implicit assumption made about an ethical issue of which the truth is taken for granted.
Ethical relativists	A theory that believes that nothing is objectively morally right or wrong.
Ethicality	Habit of behaviour regarding what is right and wrong.

Eudaimonia	The state of happiness and personal contentment.
Evaluation bias	The tendency to make decisions by evaluating your own decisions as more relevant.
External environment	Major forces or factors outside the organization that has a direct or indirect impact on the operations of the organization.
Garbage-can Theory	The garbage-can theory (Cohen, March, and Olsen 1972) adds that an organization "is a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work".
Hygiene factors	Factors within a work environment that causes discontent among employees.
Income-targets	The total income a lender sets as a target for each of its sales staff or team to achieve within a specified timeframe.
Institutional embeddedness	Refers to the interactions between a population and the institutional environment in which they operate.

Lenders	A person or institution that makes funds available to someone with the expectation of repayment that could include interest and administration fees.
LIBOR	The London Interbank Offered Rate scandal in which several banking institutions colluded to manipulate the London Interbank Offered Rate (LIBOR). This scandal resulted in distrust in the financial industry.
Loan Sharks	A money lender that charges very high interest rates and provides financial products to individuals without doing any vetting on the credit worthiness of the borrower.
Mode	The selected strategy of an organization to deal with a specific ethical challenge or dilemma at a specific time
Moral ontology	That which deals with the nature of moral discernment arguing that if morals exist on their own or if they are dependent other entities.
Motivating factors	Factors within a work environment that causes contentment among employees.
Organizational code of ethics	Code of conduct that clarifies an organization's values or standards of

	professional conduct to which employees need to adhere.
Particularism	An exclusive devotion to an interest, group, or nation within the doctrine that not all people are selected to be redeemed.
Phronesis	Wisdom relevant to practical things, requiring the ability to discern how or why to act virtuously.
Quick-cash	A very urgent or immediately available financial loan.
Reflective-equilibrium	It is the point within deliberation when consideration and reflection is given on the revision of a belief system about any moral issue.
Social-partnership	A partnership or collaboration between people or groups to work towards the general good of everybody.
Stochastic	A variable process outcome that involves randomness with some uncertainty.
Stretching the truth	To say something that is not totally honest to make someone feel better about a situation or to exaggerate.

Systemic and non-systemic risk	Systemic risks are risks relevant to the general operations of the organization and non-systemic risks are risks outside the operations of the organization.
Value systems	A system of coherent values adopted by an individual, company, or society.
Utilitarian	A theory that states that the largest possible good results in the greatest happiness. An action of which the consequence leads to happiness or contentment.
Utility maximisers	That from which an individual strives to gain the most value.
White lie	A lie told to be polite and not to hurt the feelings of someone.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

This study explored the factors that impact the workplace ethical practices of office administrators in relation to organisational codes of ethical conduct as captured in policies, values, vision, and mission statements within the financial services industry. It has always been hypothesised that company policies direct the behaviour patterns of employees. Mellahi, Morrell & Wood (2010:7) observed that “it should be recognised that while it may be easy to draw ethical boundaries in theory, it is somewhat more difficult to do so in practice.” It is difficult for individuals from different backgrounds to always identify with organisational policies or values, particularly within the financial services industry.

Therefore, it is arguable that when organisations have formal codes of ethical conduct or policies, individuals will behave according to the directives captured within these documents. Bowie (1991:29) alluded to “utility maximisers” and argued that when individuals gain material or other benefits from employment, they will always act in their own interest. Hartman & DesJardins (2011:224) indicates that studies have found several expected and measurable outcomes for ethical programs in organisations. Ethics can therefore not be measured in terms of return on investment. It has never been measured to evaluate the levels of ethical discernment or the number of ethical interventions that led to failure or success within an organisation. Fraud, theft, and the abuse of company resources are more often discovered by informal observation than by any formal processes, thus clearly showing that employee trust is of utmost importance for the assurance of organisational financial and reputational survival. This trust aligns with the ethical values embedded within the organisational policies and value systems.

In most organisations, particularly the financial service industry, there is a wide gap between what policies and values hope to achieve and what employees do. Employee activities often illustrate departure from the intended purpose of codes of ethics or policies that are often exposed in dishonest behaviour. DesJardins & McCall (2014:250) allude to “Stretching the truth,” telling a “white lie”, and “deceptive and misleading statements abound” within a business. Policy change initiatives have their origin in the collective belief systems of individuals affected by current situations within an institution; these beliefs emanate from perceptions of personal benefits or losses derived from the efforts employed to work for change. Drawing from Lubell (2003:309), it can be argued that the belief-systems of

employees and institutions are interdependent when employees find favour with policies if they believe that employers or governance institutions share the same ethical belief-systems.

1.2 BACKGROUND TO THE PROBLEM

Organisations have large amounts of formal resources to mitigate unethical practices amongst their employees; however, they cannot ensure congruence between their formal policies and the moral response to employee temptation. According to Shaw (2014:43), organisational policies move from the precept of consequentialism in that employees will understand that right action will be rewarded with good and that a wrong action will be rewarded with bad. Shaw (2014:44) contends that non-consequentialist theories contend that right and wrong are determined by more than the likely consequences of an action. Therefore, consequences embedded in policy documents are not always the only determinant of ethical behaviour.

Ethical relativists commonly espouse that ethical beliefs and values are relative to one's own culture, religion, or feelings, according to DesJardins & McCall (2014:5). This was the prevailing view that has been challenged by Howell (2003:198), who stated that "globalisation gives rise to discourse that ultimately ignores sociocultural differences. This presupposes, at a macro-level, a single moral universe". Thus, as globalisation occurs, universally acceptable moral codes, value systems, laws, and policies dictate how we behave in our civic responsibilities and work environment. The issue of ethics in business has dominated civilisation for many years; the Roman philosopher Cicero (106-43 BCE) debated the issues of ethics by giving the example of an honest merchant from Alexandria who had to take a large amount of stock of wheat to Rhodes where there was a food shortage. He learned that other merchants were also loading substantial amounts of cargos of grain on his way. According to Shaw (2014:4), the ethical dilemma that faced him was whether he should sell his stock at inflated prices and not inform the citizens of Rhodes of the delivery on its way. Problem-solving thus forms the framework around which managers manage ethical dilemmas.

South Africa, particularly the financial services industry, has been inundated with scandals involving fraud, mismanagement and theft. As a result, the levels of financial indebtedness due to excessive lending and borrowing increased over the years.

The South African media has highlighted lending practices from financial institutions, resulting in high levels of indebtedness amongst the working class.

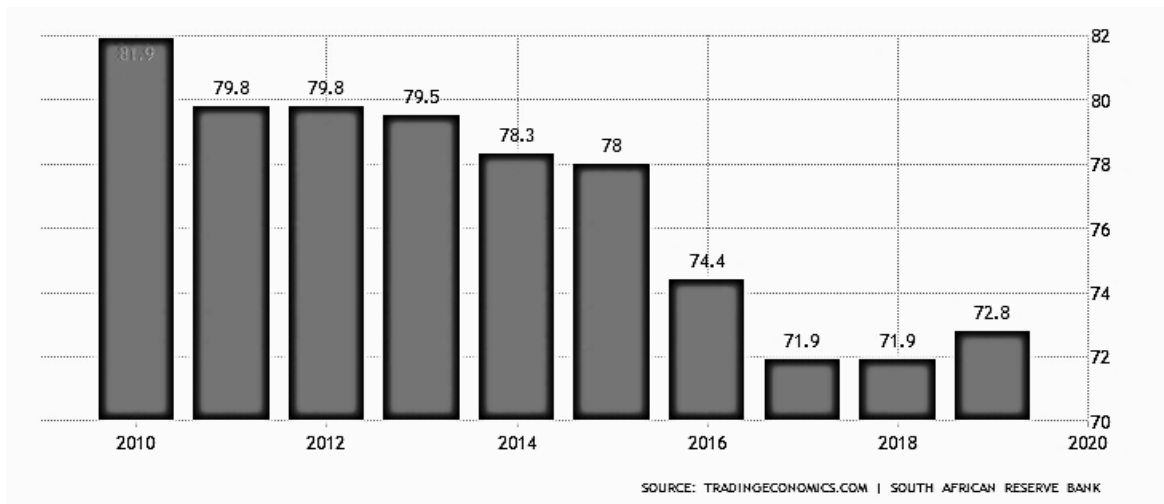


Figure 1.1 South African indebtedness levels.

Source: (Reserve Bank 2019)

According to the South African Reserve Bank report (2019), the South African Household Debt to Income Ratio over the past ten years (2006 to 2016) shows a decrease in indebtedness but still indicates an alarmingly high percentage of net income is used to service debt. Household debt reached a peak in 2008 at a level of 86.40%, while the lowest level was 76.90% in the last ten years (Figure 1.1). The introduction of the National Credit Act, Act 34 of 2005 was an attempt by the South African government to control the lending practices of financial institutions. Because of this legislation, Office Administrators working in the financial services industry were made aware of unethical practices when assessing and providing financial products to the public.

The prevailing circumstances when considering the granting of a financial product to individuals by office administrators within the financial services environment were always influenced by:

- Meeting individual targets set by companies to retain employment.
- Meeting the organisational budget for the financial year.
- Earning commissions on sales to meet personal income targets.
- Satisfying customer expectations and retaining customers.
- Competition between staff members.

- Personal gain from incentives such as bonuses, holidays and other awards provided by companies for levels of achievement set by companies.
- Competition between rival financial institutions.

Many companies have introduced policies to guide employees on the criteria for awarding financial products. These policies embedded the principle of consequentialism, thus forcing administrators to act within the perimeter of the guidelines prescribed by these policies. Administrators became conformists to the compliance of the policies or found ways to circumvent the policies to ensure compliance with the law. Administrators were forced to comply. The question then arose as to whether administrators found ways to manipulate the criteria for clients to qualify? It became clear that administrators needed ethics and compliance training. The introduction of “values” became the norm within financial services companies. Value systems that included approaches to; honesty, integrity, humanity, respect, and accountability were the panacea that would ensure compliance with the credit act and adherence to company policies. Rappaport (1981:148) introduces the viewpoint that “A fundamental fiduciary responsibility of corporate managers and boards of directors is to create economic value for their shareholders”. All businesses have as their primary objective profit and ensuring customer satisfaction. They aim to achieve this with the least outlay, the retention of current customers and the expansion of their customer base.

On the other hand, customers desire to meet their physical, social, and material needs. To meet their needs, customers apply for financial assistance from financial institutions. This alliance can encourage greed from both parties, resulting in unethical behaviour. This decade’s institutional economics requires institutional reasoning designed for efficiency and questions how institutions must be designed to meet their objectives to operate efficiently (Richter 2016:92). The primary area contributing to inefficiency and inappropriate behaviour in this regard was the principal-agent relationship resulting from information asymmetries that creates an opportunity for fraud.

Ferrell, Fraedrich & Ferrell (2015:79) allude to consumer fraud, where consumers intentionally engage in deception to derive an unfair economic advantage. This is evident when individuals apply for financial products. What is most worrying is that administrators within the financial services industry remain silent to secure a sale or ensure a production level has been achieved. Workplace practices are customarily designed to maximise profit by using incentives that encourage staff to achieve targets without considering the downstream implications. The indebtedness levels in South Africans suggest that the policies and ethics applying to the granting of loans need urgent intervention. More empirical studies are required

to investigate the link between individual ethics and organisational codes of ethical conduct in administrators' decision-making within the financial services industry. Thus, allowing the identification and impact that practices within the workplace have on the ethical decision making of employees and the resultant consequences on the indebtedness of clients.

The microloan sector has played a significant role in making finance available to the public and is known as "quick-cash". However, the industry has been plagued by many unscrupulous loan providers, resulting in the National Credit Act (Act. No. 35 of 2005 NCA) to protect consumers from "Loan Sharks". Post-apartheid South Africa brought about an emerging middle class that aspired to improve their living standards, resulting in a demand for money. Financial services providers working within the framework of the NCA had to find innovative ways of ensuring that they meet their targets.

1.3 PROBLEM STATEMENT

According to Powell et al. (2009:449), a gap exists between employee perceptions of the organisational ideals and how individual values identify with the ideals of the business; therefore, employees are less likely to display a healthy commitment to the organisation. Administrators working within the financial services industry, responsible for assessing and awarding loan applications, are often confronted with the ethical dilemma of ensuring that they earn enough to sustain their own families, meeting the income-targets set by their companies acting in the interest of the borrowers. Joplin et al. (2021:815) note that the disparity between employees that are highly entitled and their employers results in employees feeling that they can achieve performance expectations with lower quality of work. Corporates, therefore, face huge reputational risks associated with unethical practices by employees that influence the attraction of quality investors or highly skilled potential employees. Organisations aspire to meet the norms for good governance set by the legislative environment in which they operate and their internal policies. Therefore, social factors impact the workplace ethical practices in the decision-making of office administrators. Lamb (1999:14) recognises five contributing factors to the decline in business ethics in the financial services industry:

- I. The territorial convergence of financial services into each other.
- II. Global competition has intensified.
- III. The reduction of profit margins.
- IV. The commoditisation of financial services.
- V. The increased mergers and acquisitions among financial services providers absorb smaller service providers.

Employers looked at ways of ensuring that employees acted in the interest of shareholders by meeting targets and complying with the NCA requirements. According to Dessler and Barkhuizen (2011:502), managers significantly influence ethics as employees will exhibit changes in ethical behaviour if their supervisors set good examples. Examples were not the only way in which they could encourage good ethical practices; formal policies were required to aid and facilitate organisational cultures in which good values could be entrenched. Employees come from different backgrounds and are influenced by differing value systems. Therefore, disagreements founded on values must be adjusted (Phillips, 2003:64).

The challenge organisations face is finding congruence between organisational codes of ethics, policies, and individual ethics. According to Ferrell and Fraedrick (2015:168-169), a company's values will determine how decisions are made when moral philosophies conflict. This conflict relates to the position business holds in the social structure.

De Wit and Meyer (2014:61-62) agree that companies operating in a market economy should pursue business strategies that ensure economic and financial prosperity but not neglect their social responsibilities. In finding a correlation between corporate social responsibility and profitability, Karwowski and Raulinajtys-Grzybek (2021:1272) state that sustainability risk and social responsibility are set together in the business environment that focuses on human rights, fair treatment of the workforce within their social and legal accountability. According to Lamb (1999:13), financial institutions experience vulnerability to legal and ethical abuses, with corruption having expensive consequences as financial professionals constantly face conflicts of interest. In the pursuit of wealth, these professionals navigate a web of conflicting interests, their duty of loyalty to the organisation, commitment to their families and adherence to regulatory authorities. Consensus about the importance of profitability and responsibility cannot be reached in business as the viewpoint is that the social responsibility of business is only to act within the boundaries of the law. Meyer-Galow (2018:5) refers to a counterargument where businesses must make a profit at all costs to society. Company directors consequently believe that their actions are not unethical if they are beneficial to the organisation, affirming the notion that institutions must be profitable to survive. It can be argued that businesses are not just "economic machines" geared towards profitability and regulated by contracts but are networks involving people. Therefore, one of the jurisdictions of business is within communities with whom they must build trust by responsible behaviour. Thus, businesses and, in particular, financial institutions must find a balance between profitability and their social responsibility by employing individuals who will not exploit clients to maximise income.

Preliminary investigation indicates that employees are finding creative ways of manipulating the applications for loans to ensure that clients qualify for loans resulting in them earning commissions on applications and individual production targets being met. It can therefore be

argued that organisations can be forced to entrench their value systems within their policies and codes of ethics for them to ensure a collective approach guiding them on how they were able to meet the needs of their shareholders, clients and employees and thus give expression to the legal framework in which they operate. The assumption that values captured within policies will result in a utilitarian approach to ethical dilemmas was a problem that companies had to deal with as individual employees viewed their happiness as more important than that of the organisation. Utilitarianism provides a framework for the evaluation of ethical decision-making within an organisation. Managers often use utilitarian-style rationales to justify decisions of an ethical nature that are very contentious Fryer (2015:57). Ethical decision-making calls for a social partnership that addresses all ethical concerns. According to Mellahi, Morrell and Wood (2010:81-82), these ethical concerns include the desire for peace and stability, better relationships with stakeholders, and better performance outcomes. Having addressed these ethical concerns will ensure a greater understanding of what an organisation desires to achieve and the motivation of individuals to secure that their ethical values are not compromised.

The question is, “How do individuals function within organisations, balancing their personal needs and that of the company? For any business and organisation within the financial services industry to achieve success, a balance must be found between what motivates an employee, thus finding the congruence between organisational policy and individual ethics. In addition, any business needs to understand the full impact their policies have on individual employees and appreciate that individuals do not subscribe to the same values systems.

1.4 RATIONALE OF THE STUDY

This study investigates the influence of organisational policies on office administrators’ ethics in a selected financial services company in South Africa. According to White (1933:57), the bone of contention in democratic capitalist societies is self-interest at the company’s expense. Within organisations, institutional selfishness and greed abound, with employees deprived of participating in critical choices that will balance institutional needs apropos to individual needs. He contends that a system places restraints on self-interest. However, this is not always directed at employees’ needs as the workers act in their broader interests, including their families. In the democratic capitalist environment in which the administrators in the financial services industry operate, society seldom benefits as agents act according to their own benevolent objectives. Lamb (1999:13) refers to the financial services industry as “a pollution intense environment”, supporting his statement with Roy Smith and Ingo Walter’s *Street Smarts*. Their book describes the top executives in financial services as “zookeepers” who must constantly watch employees who are continually tempted to give in to unethical acts that will have dire consequences for the business and customers. Tavani (2007:33) suggests that

a moral system with rules of conduct that are rational and impartial is required to promote human flourishing. He thereby addresses the concerns relating to the congruence between individual ethics and organisational policies,

The body of knowledge on ethics has significantly grown over the last two decades in South Africa. This is due mainly to the economic emancipation of much of the population and the highlighting of abuse of public funds by public figures. South Africa is a country with a well-developed economy, good infrastructure and a financial system that is automated and efficient. Being a leader in a developing continent and part of the Group of 20 (G20), it is also the largest and most vibrant African economy with solid fiscal plans and monetary policies.

Economic emancipation has resulted in a greater demand for goods and services and the resultant need for money. With the increase in the need for money, indebtedness, dishonesty and fraud have escalated proportionately, forcing individuals to become creative in their finance applications.

Gong and Zhang (2010:256) note that Anscombe G.E. M in the 1950s, in his epoch-making publication *Modern Ethical Philosophy* challenged the Aristotelian perspectives of utilitarianism and deontology that ignited a revival in virtue, thus showing a keen interest in the generality of ethics.

Preliminary research indicates that very little was done on how codes of ethics and individual ethics impact administrators' decision-making within the financial services industry. Traditionally codes of ethics have been used to direct moral behaviour. For example, more than two thousand years ago, the Hippocratic Oath was introduced in the medical fraternity as a code to direct the behaviour of the medical profession. However, even though codes of behaviour have been introduced, the behaviour of individuals and corporations remains questionable (Rossouw and Van Vuuren 2010:235). Tavani (2007:33) suggests preventing harm and addressing the concerns relating to the congruence between individual ethics and organisational policies. A moral system with rules of conduct that is rational and impartial is required to promote human flourishing should be implemented.

This study will, with ongoing academic research in ethics, policy formulation processes and structuration theory, develop a framework that will assist in determining the impact that employee involvement in policy formulation has on compliance with policy directives, thus aiding in the development of a policy involvement-response matrix. In addition, the matrix will investigate whether there is any congruence between individual ethics and company policies when individuals from the public apply for financial services.

1.5 RESEARCH OBJECTIVES

Given the problem statement, the aim of the study was to explore the factors that impact the congruence between individual ethics and company policies that influences workplace ethical practices in the decision-making of office administrators. Therefore, the general objectives of this research were to:

1. Investigate the influence that organisational policies have on the ethical decision-making of Office Administrators in financial services companies.
2. Evaluate the key drivers that influence decision making among administrators within the financial services industry.
3. Determine the congruence levels between organisational codes of ethics, including value systems of administrators within the financial services industry.
4. Determine the impact of the National Credit Act (Act. No. 35 of 2005) (NCA) on the formulation of codes of ethics and decision-making processes within the financial services industry.
5. Determine how the stringent utilisation of the compliance to organisational codes of ethics and policies impacts the levels of production of administrators within the financial services industry?
6. Recommend a general framework on how organisations can increase congruence between organisational codes of ethics and employee ethical decision making through the application of Structured Theory.

1.6 KEY QUESTIONS PERTAINING TO THE RESEARCH STUDY

1.6.1 Primary research questions:

1. What workplace practices are employed when drafting organisational codes of ethics, policies and values for administrators within the financial services industry?
2. What motivates employees in the financial services to act ethical or unethical in the decision making?
3. What levels of influence do codes of ethics, policies or value systems have on administrators' decision-making outcomes within the financial services industry.
4. What effect do personal ethics have on the decision-making processes of

1.6.2 Secondary research questions:

1. How does the stringent utilisation of and compliance with organisational codes of ethics
2. How does the National Credit Act (Act. No. 35 of 2005) (NCA) impact
3. What workplace practices can significantly impact the decision-making processes
4. What impact do Decision Support Systems have on policy formulations and

1.7 SIGNIFICANCE OF THE RESEARCH

This research will contribute to the body of knowledge about how organisational policies influence employee ethics in decision-making within the financial services industry.

The first contribution is the provision of the theoretical contextual understanding of what ethics is by reviewing existing models of business ethics and the development of a normative framework of ethical theories relevant to ethical decision-making, considering the impact that culture, morals, and values have on administrator information processing for decision-making (Chapter 2).

The second contribution emanates from the legislative framework on policy formulation underpinned by the statutory directives that guide policy formulation processes (Chapter 3). The contextualisation of the legislative framework contributes to a broader understanding of individual and organisational compliance when policies are formulated and the determination of administrator disposition when applying policies in decision-making.

The third contribution arises from applying structuration theory to illustrate how policies that are used as tools for prescriptive methodologies within the workspace provide structure, impacting the sanctioning of applications for financial services products by office administrators. Therefore, the medium of action is structuration, where decision-makers interact with the rules created by policies. This is supported by Giddens (1984:28), "*the modalities of structuration serve to clarify the main dimensions of the duality of structure in interaction, relating the knowledgeable capacities of agents to structural features. Actors draw upon the modalities of structuration in the reproduction of systems of interaction*". This contribution culminates in developing a structured process for ethical decision-making (Chapter 4, figure 4.3).

Finally, this study contributes by using the research results to develop an Employee Perception and Response to Policies Matrix (EPRPM) that allows for the identifying and describing the ethicality profile of administrators working in the financial services industry.

1.8 SCOPE OF THE RESEARCH

This study focuses on administrative staff involved in the processing and approving financial services products applications within medium to large financial services companies in South Africa. Therefore, the study will be limited to a collective minimum of 220 employees within the target companies based throughout South Africa.

The investigation will be limited to the levels of involvement in the drafting of company codes of ethics, policies and value statements, the underpinning ethical framework of administrators, and the resultant influence it has on decision-making when processing and approving financial services applications.

1.9 DEMARCATION AND LIMITATIONS OF THE RESEARCH

Drawing from Hussey and Hussey (1997:129), any limitation identifies weaknesses within research, and delimitation indicates that research focuses on only a single section of the scope instead of the totality.

1.9.1 Limitations

The study focuses on administrators involved in the processing and approving applications within the financial services industry. The factors that influence individual ethics are not common among all individuals and do not remain stagnant. Companies operate within an environment that is very competitive and affected by changing legislation that could be seen as obstructive or progressive. Changes within the external environment directly or indirectly affect the competitiveness of companies, thus necessitating continuous reviews of policies.

Respondents within the financial services industry are not always very candid in their responses to research as they are always concerned that they may place their jobs in jeopardy.

It is anticipated that the following limitations will confront the study:

1. The low response rate among employees in the financial services industry
2. The influence of cultural and ethnic backgrounds of the respondents.
3. The availability of funding to cover the required research costs.

The purpose thus is to ascertain the link between individual ethics, organisational codes of ethics and individual decision making will adequately be reflected in the generality of the questions posed within the research objectives.

1.9.2 Delineation

The research does have a single area of focus, that being the influence of organisational policies on the ethics of administrator within the financial services industry, including the organisational codes of ethics and remains cognizant of the fact that borrowers and their needs directly impacts the capriciousness in the decision making of administrators. The income levels of employees and the security within the operational systems that contribute to systemic and non-systemic risk are considered factors influencing individuals' decision-making and thus form the basis of policy formulation. The scope and delineation of the research are not limiting in answering the research questions.

1.10 SUMMARY OF LITERATURE REVIEW

According to Greene et al. (1989), cited in Creswell & Clark (2011:86), exploratory research approaches are necessary when:

- i. There are no clearly defined instruments or means of measure available.
- ii. There is no available theory or guiding framework available from which to work.
- iii. There are no explicit variables available that give insight into workplace practices within the demographic under review.

The literature review stems from the opinions of McLeod et al. (2016:439), who emphasise the infancy of organisational ethics research and Ferrell et al. (2015:198), who notes that an ethical organisation is the result of motivated leadership. The concept of social justification for actions is postulated by Paletta (2014:437). The epistemological faculty possessed by everyone to exercise common sense in our agency and ethics is postulated by Kim (2015:206), while Forbes-Pitt (2011) contends that agency cannot exist independently from structure. Gibson et al. (1991:438) contend that structure is used to control. This is supported by Herbert Simon (1982), who suggests that human rationality is limited. With this thinking, Robbins (2005:148) expands on the biases within people in decision-making. The decline in ethics even within a structured environment like the financial services is noted by Lamb (1999:14). Ferrell et al. (2015:198) recognise the importance of the role that managers play in the maintenance of ethical organisations, while Fudge et al. (1999:300) and Dessler et al. (2011:433) advise on how to create a motivating work environment where employees are driven by self-interest as stated by Kish-Gephart et al. (2014:267).

In finding a standard definition and understanding of what ethics is, expanded on by Mbatha (2006:16), who describes ethics as moral principles, Pasztor (2015:30) contends that ethics cannot be regarded as a set of rules. Pojman and Fieser (2012:2) assist in identifying three divisions of ethics by associating ethics with morality, philosophy, and application. Treviño and

Weaver (2003:3-5) expand on the ethical theories relevant to the financial services industry. Finally, social justification for permissible morality is expanded on by Paletta, who revisits the concept of Kantian contractualism to bring clarity on the correctness or wrongness of normative justification for the actions of administrators in the financial services industry.

Zakhem (2017:49-52) expands on how the evolution and influence of stakeholders changed the perceptions that were traditionally held on the accountability business has toward those who make use of financial services, stemming from a definition of what business ethics is by Cropanza and Gradley (1998:150) and the different levels of business ethics suggested by Solomon (2001:357). The dilemma to refine the inter-relatedness between business ethics and professional ethics in a social context that focuses on normative behaviour by administrators in the financial services industry is alluded to by Schwartz and Harris (2014:109) and Su and McGettrick (2012:3). This clarifies the entrenched values and standards of behaviour required from financial services administrators and the organisational ethical practices expected within business (Thompson 2014:97). The codes for strategic and moral, ethical management that assists in guiding administrator values and decision-making is identified in the modes for strategic management by Rossouw and Van Vuuren (2010:53-56) and organisational decision-making models by Treviño et al. (2006:953).

The prevailing culture influences organisational ethics in the workplace. Jennings and Watten (1998:120) note that culture emanates from social anthropology affected by beliefs and habits that include shared assumptions (Hellriegel 2004:355). According to Bachmann (2017:148), role modelling has a determining impact on prevailing corporate cultures. Individual behaviour and personal morality, directly and indirectly, influence the organisational culture and policies. Gibson et al. (1991:580-584) allude to the effects of values and the inclination for prosperity on information and policy interpretation in decision-making. Hodge and Anthony (1991:144-152) assist in identifying the characteristics of valuable information for decision-making to be ethical. Decision-making that is ethical and responsive to the needs of stakeholders is what is achieved by proactive stakeholder management, according to Bachmann (2017:21-23). Greenwood and Anderson (2009:186) identify workers as the most vital stakeholders in business. Carbone et al. (2019:88-89) contributed to the discourse on the importance of individual and group decision-making by identifying the rationale for choice and the environment's influence on decision-making outcomes. At the same time, DuBrin (2007:93) alludes to bounded rationality as an impeding circumstance to rational decision-making. Robbins (2005:148-151) contests the notion of bounded rationality but contends that bias is a driving force in individual decision-making.

According to Morris and Vines (2014:255-256), the Global Financial Crisis (GFC) eroded the trust consumers of financial services have in the industry. Duska (2005:20) measures the

ethical evolution by the vocabulary used to describe the industry. Van Vuuren and Crous (2005:400) regard forming an ethical workplace as vital in mitigating ethical risk. The management of morality is one of the biggest challenges faced by businesses. Rossouw and Van Vuuren (2003:392) address management morality and suggest modes of managing morality to create ethical workspaces in which trust abounds. Hudson (2005:3) believes that a good work-life balance assists in engendering trust among employees. Rachels (2001:432) reasons that personal opinions do not give liberty to dictate to others in policy formulation.

Colebatch (2009:7) debates the understanding of what policies are and expands on how policies are institutionalised in organisational governance. Lasswell 1971:1-4) asserts that policy formulation is a science that contextualises knowledge and experience, while Arts and Van Tatenhove (2004:340) articulate approaches to policy formulation. This is supported by Ashed et al. (2014:639), who contend that policy formulation is contestation arising from interpretation. Sabatier (2007:7-10) insists that theoretical frameworks are necessary for policies to evolve. Williams and fang (2019:101) argue that the Multiple Participant - Multiple Criteria decision-making model (MPMC) (figure 2.20) is the best for decision-making when dealing with policy formulation. Arts and Van Tatenhove (op cit) allude to the impact of “power” and “rationality” the agent holds in the policy formulation process. Foucault (1984:89) disputes that power evolves from the structure of an organisation, or the agency given to an individual by structure, but rather that agency and power evolve from social discourse. Giddens (1984:25) argues that structure operates within a social system and is a situation in the activities of agents and is produced from recurring interactions that are produced and reproduced.

Structuration theory forms the foundation for this research project and aids in understanding the influence of organisational policies on office administrator ethics in selected financial services companies in South Africa.

The literature search was undertaken by consulting, conference papers, books, organisational policy documents, academic journals, relevant legislation, previous research on related topics and the internet. A multidisciplinary approach to the literature review was necessary so that the researcher could become acquainted with the body of knowledge available on this topic so that related literature could be extracted and extrapolated.

1.11 OVERVIEW OF UNDERPINNING THEORY

1.11.1 Summary of Grounded Theory

Grounded theory allowed for the development of theory that generated a clear explanation of the conceptual framework around individual ethics from the targeted population to resolve alignment issues around congruency between individual ethics and organisational policy.

Ahmed and Haag (2016:76-78) warn that grounded theory is a much-debated theory and that there is always a need to defend this method and insists that it is well used in areas where not much is known. According to Birks & Mills (2010) cited in Graue (2015:5-14), when a researcher applies grounded theory, he can extrapolate on any process or phenomenon. According to Merriam (2009:29-30), grounded theory is a methodology in which the investigator adopts an inductive stance to acquire meaning and understanding from qualitative data that has been collected. The collected data is guided by theoretical sampling and analysed using the constant comparative method. The grounded theory used for this research was Structuration Theory, which is fully explained in Chapter 4.

1.11.2 Summary of Structuration Theory

Giddens (1984:12, 25-26) indicates that structure has dual characteristics with agents and resources interacting and that structure within organisations is not regular because of the pattern of action but rather because of the policies and principles that regulate it.

Structure(s)	System(s)	Structuration
Rules and resources, or Sets of transformation relations organised as Properties of social systems.	Reproduced relations between actors or collectives, organised as regular social practices	Conditions governing the continuity or transmutation of structures, and therefore, the reproduction of social systems

Giddens notes that structure is the recursive set of rules absent of a subject, but the system in which a structure operates is situated within human agents. The modes from which the agents draw their knowledge or processes are captured within rules.

Agent and structure cannot operate independently as structure is not separated from agents, as memory traces and social systems regulate the outcomes of recursive practices. Arts and Van Tatenhoven (2004:341) contend that policy cannot exist without substance or organisation. Substance is derived from the objectives and principles, while organisation is the structure that has its root in procedures and competence.

Structure is the conduit for interaction between agents (employees) and authority (employers) in the ethical decision-making process to affect behavioural change. This is best illustrated in the conceptual framework (Figure 1.2) designed for this study.

1.11.3 Conceptual Framework

The conceptual framework captured in figure 1.2 illustrates the relationship between the Employer and Employee in reaching ethical behavioural change in the workplace.

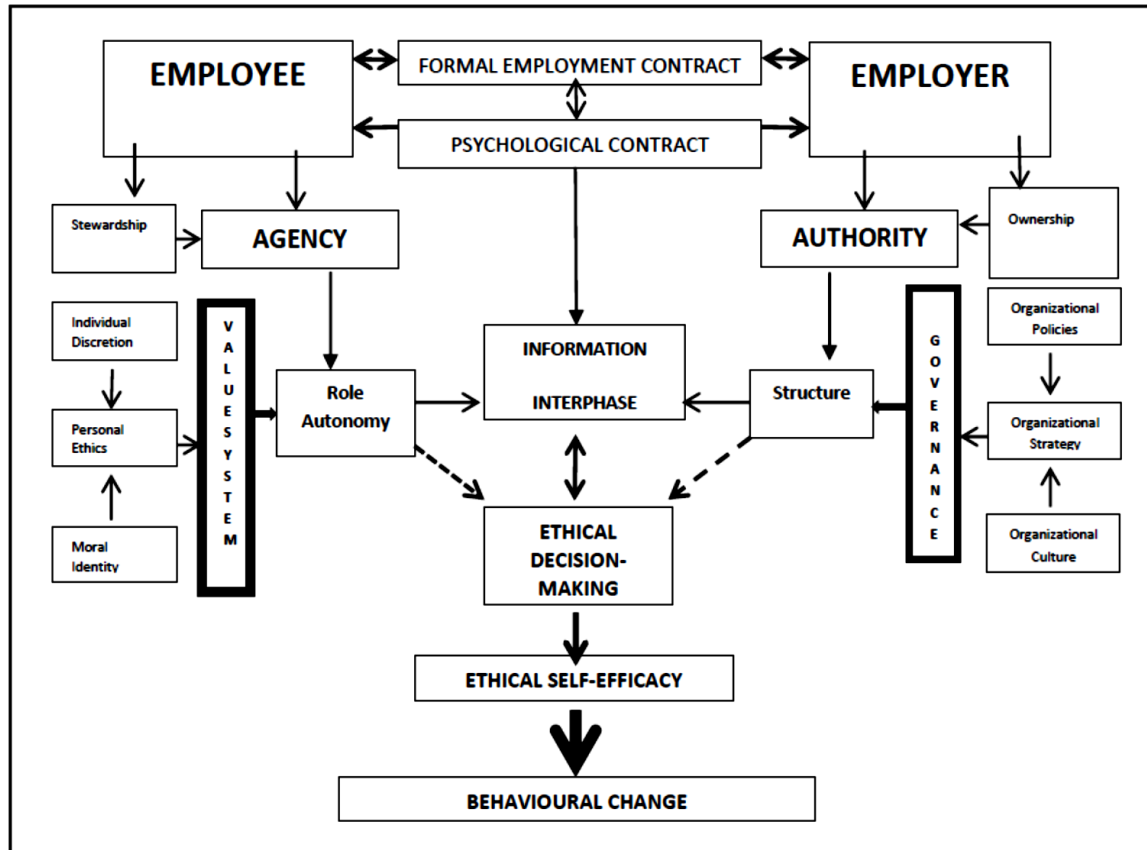


Figure 1.2. Employer-Employee relationship in reaching Ethical Behavioural Change.

The individual employee tasked with decision-making in the financial services industry has agency stemming from personal ethics derived from social and cultural experiences. The individual's agency is strongly influenced by the structure derived from those who hold authority created by laws, organisational policies, culture, and strategies. Individuals receive recognition and ridicule for their actions, while corporations are held to account as individuals act as agents on their behalf.

Moral Agency is thus a consequence of ethical custom enshrined within rules or policies within organisations. Moral Agency gives the individual role autonomy to act according to an individual's own value system to exercise discretion. The alignment between agency and decision making is linked to power vested within an organisation. Power is derived from authority. Agency is the capacity that individuals must self-direct within the confines of the authority given them by those who own the authority; this will include business owners,

shareholders, and those placed in authority above them. Authority has vested power that gives rise to structure that empowers those granted authority. The power emanates from policies, rules, and contracts. The culture of the organisation influences the structure of an organisation. Authority and power differ in the sense that power requires no consent, while authority requires consent, appointment, or ownership.

Employees and employers are bound to comply with the contracts they have that give them agency and role-authority to exercise decision-making guided by organisational policies. Policies are formulated to ensure that decisions are made in compliance with the rules that govern the organisation's operations, resulting in self-efficacy in ethical decision-making by employees. Self-efficacy is expressed in decision-making by employees having the capacity and motivation to exercise their agency with efficiency and consistency in an ethically acceptable manner. Therefore, the problem is to determine if organisational policies influence the decision-making of administrators who operate from their own ethical framework.

1.11.4 Grounded theory

Grounded theory allowed for the development of theory that generated a clear explanation of the conceptual framework around individual ethics from the targeted population to resolve alignment issues around congruency between individual ethics and organisational policy. Ahmed and Haag (2016:76-78) warn that grounded theory is a much-debated theory and that there is always a need to defend this method and insists that it is well used in areas where not much is known. According to Birks & Mills (2010) cited in Graue (2015:5-14), when a researcher applies grounded theory, he can extrapolate on any process or phenomenon. According to Merriam (2009:29-30), grounded theory is a methodology in which the investigator adopts an inductive stance to acquire meaning and understanding from qualitative data that has been collected. The collected data is guided by theoretical sampling and analysed using the constant comparative method. The grounded theory used for this research was Structuration Theory.

Giddens (1984:12) indicates that structure has dual characteristics with agents and resources interacting and that structure within organisations is not regular because of the pattern of action but rather because of the policies and principles that regulate it. Arts and Van Tatenhoven (2004:341) contend that policy cannot exist without substance or organisation. Substance is derived from the objectives and principles, while organisation is the structure that has its root in procedures and competence.

1.11.5 Statistical analysis and interpretation of findings

For this research, a structured questionnaire was used within a controlled group that constituted the qualitative data. The findings derived from the structured questionnaire

provided context for the literature studies. In addition, the questionnaire data was imported into iFeedback (statistical analysis software), resulting in descriptive statistics that were used to summarise the data making inferences to interpret univariate and multivariate findings from the sample population.

1.12 OVERVIEW OF RESEARCH METHODOLOGY

This research study adopted an exploratory approach by analysing research data that provided qualitative inputs to clarify the research problem.

The body of knowledge on ethics has significantly grown over the last two decades in South Africa. This is due mainly to the economic emancipation of much of the population and the highlighting of public funds abuse by public figures. South Africa is a country with a well-developed economy, good infrastructure and a financial system that is automated and efficient. Being a leader on a developing continent and part of the Group of 20 (G20), it is also the largest and most vibrant economy on the continent, with solid fiscal and monetary policies.

Qualitative research is the primary method knowledge in sales research is generated. According to Creswell (2007), cited in Johnson (2015:334), this method generates knowledge and insight inductively by using non-statistical solicitation. This research was confined to the financial services sector with a population spread across a large geographical area; thus, an exploratory approach was appropriate and guided by quantitative data collection and empirical qualitative theory testing. No empirical studies have been done on the congruence between policy and ethics in business; therefore, an exploratory study was suitable for this research. Given the work of Habib et al. (2014:7), supporting the adoption of exploratory study made it appropriate to transform the hypotheses into a research problem. The quantitative research method focused on the interpretative representation or misrepresentation resulting from personal ethical application when policies were interpreted, allowing the research to analyse non-quantifiable attributes. For this research, a structured questionnaire was used within a controlled group that constituted the qualitative data. The findings derived from the structured questionnaire provided context for the literature studies. The questionnaire data was imported into iFeedback (statistical analysis software), resulting in descriptive statistics used to summarise the data making inferences to interpret univariate and multivariate findings from the sample population.

1.13 SUMMARY OF CHAPTERS

The primary purpose of this study was to determine the influence that codes of policies or value systems have on administrator ethics for decision-making within the financial services industry and to develop a model for ethical decision-making. The research followed the following chapters to achieve its objectives:

Chapter 1. Introduction and background to the study

This chapter introduced the research topic, providing a brief background to the study, unfolding the problem statement, and explaining the research methodology and how the data was collected and analysed.

Chapter 2. Theoretical framework

This chapter contextualised the available literature on personal ethics, organisational policies, and value systems. It starts by taking a general view of what ethics is or is not and what is understood by policies and organisational values by reviewing ethical and moral philosophical fundamentals and theories, thus defining a conceptual framework. This chapter concludes with developing a conceptual model developed from relevant literature to direct future research.

Chapter 3. Selected statutory directives that guide policy formulation and administrator ethics in the financial services industry.

This chapter examines regulations and laws promulgated to regulate the operations and structure of the financial services industry and its impact on policy formulation and employee ethics.

Chapter 4. Structuration Theory and decision-making

This chapter examines the practical perspectives of structuration theory, how structure can facilitate organisational processes that give agency and authority to individuals, and how artificial intelligence is used as a decision support system to aid in ethical decision-making and policy formulation.

Chapter 5. Research Design and Methodology

This chapter presents the methodology and research instruments employed in discussing the research objectives, purpose, approach, and sampling strategies and provides exhaustive explanations of this research's qualitative and quantitative features. The chapter addresses the data collection techniques employed to address the research questions

Chapter 6. Presentation of research results

This chapter presents the original survey's research results using summarised visual presentations of the results in pie and bar charts. An analysis of the data that has been collected employing reliability and validity verification is presented.

Chapter 7. Discussion of research results

This chapter will present the analysis of the data that has been collected utilising reliability and validity verification

Chapter 8. Conclusion and Recommendations

This chapter formulates a summary to indicate a link between the research topic and the research questions as exposed by the literature and data collected and analysed and provides recommendations to the relevant industry for future research.

1.14 SUMMARY

This chapter provides an introduction and background of the research study, giving clarity about the research problem, the objective, key questions, and the study's rationale. An overview is given of the research methodology followed by this investigation while identifying the delimitations of the study. The key concepts and theories pertaining to ethics and policies were clarified. The significance and scope of the research were expounded on with the need to utilise structuration theory as the underpinning theory was fully explained to justify the study's relevance. Chapter 2 gives a theoretical framework of the literature that examines the congruence between policies and ethics and their influence on decision-making.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The preceding chapter introduced the objectives and focus of the research study. This chapter examines the congruence between organisational policies and individual ethics in decision-making in the financial services industry by identifying and describing the ethical theories that underpin decision-making for policy formulation in information processing by administrators in the financial services industry. Empirical literature studies have taken individual factors into account when considering the research area on employees' decision-making. In contrast, very little consideration was taken about the influence of individual ethics and organisation policies on the financial services industry administrators when making decisions. The approach of this research is to understand and interpret how individual ethics, organisational culture and policies are applied, resulting in many South Africans increasingly applying for debt consolidation and debt counselling, which has been attributed to over-indebtedness resulting from reckless lending due to competing values and unethical practices of administrators within a structured environment. The subsections that follow explore the credit positions of consumers resulting from administrator decision-making by identifying the ethical theories that impact the ethical behaviour of individuals with competing value systems when policies are formulated.

2.1.1 Credit standing of consumers

Lenders make money available to individuals for various reasons, including paying accounts, acquiring material goods and family emergencies. As a result, administrators working within the financial services industry, responsible for the assessment and awarding of loan applications, are often confronted with the ethical dilemma of ensuring that they earn enough to sustain their own families, meeting the income-targets set by their companies and acting in the interest of the borrowers.

The continuous monitoring of the credit standings of consumers provides a means of monitoring the expenditure patterns and indebtedness levels of consumers over a period, allowing for the development of control measures for the allocation of loans and the recovery of debt from consumers. This information is also used by the South African Reserve Bank when deciding on interest rate adjustments. In addition, information provided by the credit standings of consumers indicates compliance with the Consumer Protection Act, Act no 68 of 2008. The primary purpose of this act was to “promote and advance the social and economic welfare of consumers in South Africa”; therefore, a culture of responsibility is developed

amongst suppliers of financial services and consumers of financial products promoting fair business practices. Furthermore, the CPA mandates consumer protection groups to protect consumers so that consumer rights are not violated, ensuring that goods and services are provided that are not disadvantageous to consumers.

Table 2.1: Credit standing of consumers (Source: Credit Bureau Monitor September 2019)

	Dec16	Mar17	Jun17	Sep17	Dec17	Mar18	Jun18	Sep18	Dec18	Mar19	Jun19	Sep19
Good standing (#)	14.55m	14.99m	15.10m	15.21m	15.62m	15.77m	15.02m	15.07m	15.69m	15.55m	14.87m	14.35m
Good standing (%)	59.85	60.75	60.91	60.64	61.70	61.93	61.0	62.65	60.71	60.52	59.25	57.08
Current (%)	47.58	48.25	49.23	49.23	49.90	49.55	49.41	50.87	48.09	48.11	47.89	45.92
1-2 months in arrears	12.30	12.50	11.68	11.41	11.79	12.38	11.67	11.78	12.62	12.41	11.36	11.14
Impaired records (#)	9.76m	9.89m	9.89m	9.87m	9.70m	9.89m	9.57m	8.98m	10.18m	10.15m	10.23m	10.80m
Impaired records (%)	40.15	39.25	39.09	39.36	38.30	38.07	38.92	37.35	39.29	39.48	40.75	42.94
3+ months in arrears (%)	21.79	21.68	22.00	22.13	21.71	21.91	22.75	22.34	24.15	23.55	22.99	23.75
Adverse listings (%)	11.75	11.38	11.22	11.43	11.13	10.70	10.64	9.46	10.08	10.87	12.68	14.20
Judgements and administration orders (%)	6.60	6.22	5.87	5.80	5.46	5.46	5.52	5.56	5.08	5.07	5.08	4.99
Credit-active consumers (#)	24.31m	24.68m	24.78m	25.08m	25.31m	25.48m	24.59m	24.05m	25.85m	25.70m	25.10m	25.14m

Table 2.1 illustrates that the credit standing of consumers has not changed significantly during the period December 2016 to September 2019. The number of credit-active consumers increased from 24.31 million to 25.14 million, indicating that the dependence on credit is increasing. The number of judgments and adverse administration orders over this period decreased from 6.60 % to 4.99%. On the other hand, the number of adverse listings spiralled from 11.75% to 14.20%, showing the inability of consumers to service their accounts.

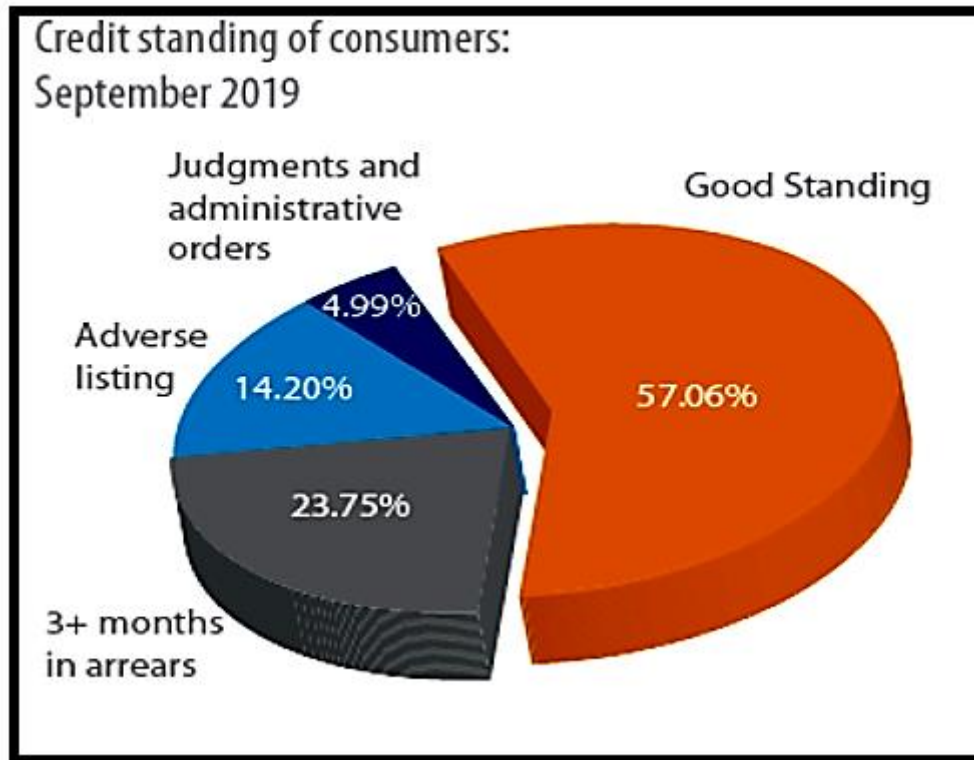


Figure 2.1: Graphical representation: Credits standing of consumers

According to Figure 2.1, which represents the credit standing of consumers in September 2019, 57.06% of consumers were in good standing, indicating an apposite trend over four years. However, what is disturbing is the level of 3+ months in arrears of 23.75%. This will result in an increase in adverse listings and, finally, an escalation in the number of judgments and administrative orders.

2.1.2 Financial Services Employee Motivating Factors

Ferrell et al. (2015:198-199) believe that maintaining an ethical organisation results from a leader's capacity to motivate subordinates. He stated, "job performance = ability X motivation" and that effective management relies on motivation that encourages employee ethical behaviour. Most workers seek to improve themselves and aspire to improve their positions within the organisation due to a better social standing and material gain. Therefore, unethical behaviour directly links to an employee's motivation for recognition.

The urgency to understand what motivates individuals to act in specific ways is vital to reducing indebtedness and unethical decision-making practices within the financial services industry. Herzberg (2003), as cited in Nel and Du Plessis (2011:293-294), first wrote about extrinsic motivators and introduced them as hygiene factors that were enlisted to ensure compliance within organisations. He divided motivators into two factors, namely motivating

factors (Intrinsic factors) and hygiene factors (Extrinsic), as illustrated in Table 2.3. He also refers to “KITA” (Kick in the ass) as extrinsic motivation that moves employees to function in a certain way. He concluded that some factors could cause job satisfaction while others cause job dissatisfaction. His research shows that the hygiene factor with the most significant impact on employee dissatisfaction is the organisation’s policies.

Fudge et al (1999:300-301) advise that the only way to achieve a motivational environment in organisations is to link desired outcomes to the desired rewards of employees. He asserts that the expectancy theory (Vroom 1964) is a predictor of ethical behaviour where the reward is tied to performance and where the rewards are appreciated by employees when they act ethically. According to Dessler et al. (2011:433), Herzberg (2003) informs that organising a job to satisfy a person’s “higher-level” needs, such as recognition and self-actualisation through feedback and challenge, is motivational to the individual; these include recognition and accomplishment. Hygiene factors are regarded as “lower-level” needs, such as job security, that are satiable as employees are easily satisfied and may require much more to be incentivised again. In the financial services industry, hygiene factors will include salaries, generally structured as part of a basic salary and sales staff will be given incentives through commissions to achieve predetermined sales goals. Sales administrators are target driven, and once a target has been achieved, new goals must be set. As targets are moved, so too must incentives.

Table 2.2: Staff motivation factors (Source: Adapted from "One More Time: How do You Motivate Employees?" by Frederick Herzberg, January 2003)

MOTIVATING FACTORS Factors for Satisfaction	HYGIENE FACTORS Factors for Dissatisfaction
<ul style="list-style-type: none"> • Achievement • Recognition • The work itself • Responsibility • Advancement • Growth 	<ul style="list-style-type: none"> • Company policies • Supervision • Relationship with supervisor and peers • Work conditions • Salary • Status • Security

Individuals working within the financial services industry must achieve a specific target to measure their performance within a set period. The achievement of targets is the only

recognition received as targets are an indication that the work has been done. Efforts made to make a sale, such as branding and marketing, are seen as processes to facilitate a sale or activities to generate income, and it is the critical responsibility of all employees as part of their daily tasks. Advancement and growth can only occur in an environment where profit has been generated to secure the organisation's sustainability and create a guaranteed living wage for the employee that can sustain an anticipated lifestyle. These motivating factors are regarded as inherent to the individual's personality. Kish-Gephart et al. (2014:267-285) state that people are driven by self-interest, which is the most powerful motive for one's actions, and that should self-interest be left unchecked, it will become the scapegoat for most ethical scandals.

Situations that provide an opportunity for self-interested gain will trigger moral disengagement leading to unethical behaviour. In referring to Bandura's (1986) moral disengagement theory stating that where self-regulatory processes fail, unethical behaviour is the consequence, it is clear that the individual is responsible for his actions. Bandura et al. (2000:57-64) refer to moral disengagement mechanisms that incorporate moral justification, euphemistic labelling, and favourable comparison. Individuals tend to reduce their unethical behaviour's abhorrence by employing justification or neutralising terminology, such as referring to stealing as taking or borrowing. Other mechanisms employed by individuals to make their unethical actions seem less impactful or disastrous include the distortion of the consequences of actions, blaming others or the diffusion of responsibilities. To understand how employees are motivated, you must understand the influences organisational policies have on administrator ethics. Fudge et al (1999:295) points out that many businesses are challenged in converting their moral principles into action due to not developing explicit processes and methods to motivate their employees to act ethically.

2.2 THE CONCEPT OF ETHICS

The presupposition is that ethics is an intellectual area of study in which people with sound reasoning will create legitimate morality for all, according to Birch (2014:8-10). However, these moral conditions are not as individuals can come to their conclusions and direct their decisions according to their own will. Socrates and Plato, two of the best-known philosophers, made pronouncements on behaviour as a guideline to ethics.

Mbatha (2005:16) defines ethics as a system of moral principles linked to values associated with human conduct concerning the rightness or wrongness of our actions that reflects the goodness or badness of our motives and the outcomes of the actions.

Pasztor (2015:30-32) states that ethics is not second nature to how we act, nor is it a "one size fits all" and cannot be assumed to be a set of rules. In Plato's Republic, Socrates said:

“We are discussing no small matter, but how we are to live”, this forms the foundation of the general understanding of ethics.

Cicero best describes ethics in Van Doren (1992:74) as:

“First, the right thing is what is legal, what is required by law. But beyond that, for the law itself is not always just, the right thing is what is honest, open, and fair. Keeping your word, no matter the consequences. Telling the truth, even if you have not taken an oath. And treating everyone alike – foreigners, slaves, and women – because they are all human beings. All are equal in their humanness, although in no other way. Their humanness gives them the right to be treated with respect.”

Ethics is considered a branch of philosophy that seeks to find a universal acceptance of what is right or wrong and what is good or bad. Pojman and Fieser (2012:2) say three main divisions in ethics: descriptive morality, moral philosophy (ethical theory), and applied ethics. He defines descriptive morality as people’s actual beliefs, customs, principles, practices, and culture. At the same time, moral philosophy (ethical theory) is the systematic effort by people to understand moral concepts and principles so that employing analysis, an understanding of what is good or bad could be derived, thus resulting in acceptable behaviour. His theory on applied ethics moves into controversial moral problems that include social issues such as abortion, civil disobedience, fornication, euthanasia, and the death penalty. Icheku (2011:21-22) states that for applied ethics to be used in practice, there must be an issue that creates controversial opinions within society. This results in debate and contestation.

Fernando (2009:47) states that law and ethics are not coterminous, indicating that not all ethical issues are necessarily a law. Laws are defined by governments and are limited within that framework, while ethics, at most times, require higher expectations. According to Loucks (1987:2), ethics goes beyond being obedient and compliant with the law; it suggests a complete understanding of right or wrong guided by a belief system that inherently knows what is good. Griffin (1993:90-91) suggests that family influences, life experiences, peer pressure and an individual’s values and morals determine your ethics.

Defining ethics is not very easy as there are many interpretations of right or wrong within the same circumstances. To understand ethics, we need to answer several questions that will guide our definition of what ethics is:

- I. What is relevant to our situation?
- II. Must my actions lead to good?
- III. Must my action be acceptable to everyone?
- IV. Are all actions always right/wrong?

- V. Is there a universal truth?
- VI. Who decides what the standard of acceptable behaviour is?
- VII. Who defines the knowledge of ethics?
- VIII. What are the sanctions for unethical behaviour, and who decides on the sanction?
- IX. Is ethics connected to religion?
- X. Should everyone express the same ethics?

In referring to Mitchell et al. (1996), he insists that no action is without context. Context is established by structural mechanisms within organisations such as boards of directors, normative belief systems and organisational attributes such as the organisation's size, resources, and possibilities for advancement. This dimension is illustrated within the concept of free speech enshrined within the Republic of South Africa Constitution, act 108 of 1996 (CRSA). Free speech does not permit anybody to say what they please, but society has created boundaries of what is acceptable or not. Therefore, ethics can be understood as a systematic study attempting to find rules that direct behaviour that will contribute to the improvement of society, as mentioned by Marlin R (2013:139-140).

2.3 ETHICAL THEORIES RELEVANT TO THE FINANCIAL SERVICES INDUSTRY

Treviño and Weaver (2003:3-5) create awareness around the thinking of research in business ethics, bringing the differences between normative and empirical approaches in the research on ethics into context. However, to give clear direction on the empirical approach to this study, one must underpin the empirical context with the normative context. This can only be done by understanding the philosophical and normative theories that formed the foundations of ethical decision making.

The theory of ethics relevant to decision-making can be divided into three main ethical theories: Metaethics, Normative Ethics and Applied Ethics. Each of these theories can be subdivided to provide order to understand more clearly the actions of administrators in the financial services industry and the results in their activities being viewed as congruent with organisational policies or not.

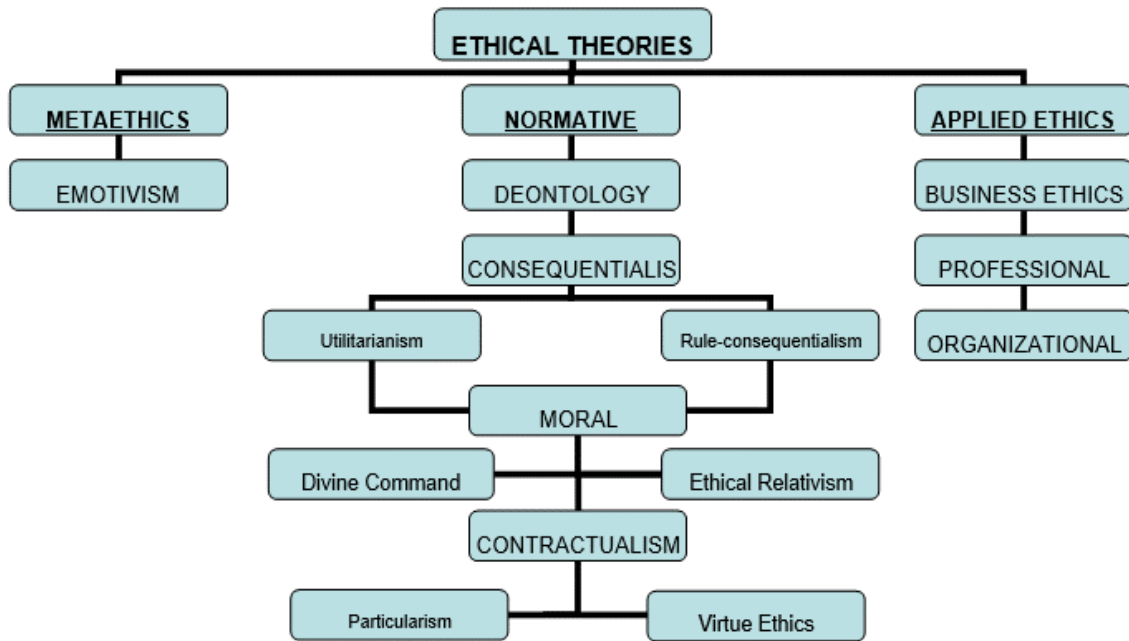


Figure 2.2: Ethical Theories Relevant to Decision Making.

2.3.1 Normative Ethics

Normative ethics has its foundation in what is right and wrong and how judgments are applied, according to McCloskey H.J (1969:1-7).

Normative ethics deals with the question of whether we act in a way because it is abhorrent to do so because of a moral prohibition, or do we act because there is a legal or consequential prohibition against such an action. According to Kagan (1998:1-3), normative ethics deal with affirming basic moral principles. In addressing the nature of marketing ethics, Smith and Johnson (1996:102-103) developed a matrix (Table 2.3) to distinguish between ethical and legal dimensions of decision-making. Ethics concerns itself with moral and values systems that serve as a guide for individual conduct. Laws represent the moral and value systems of society that is enforceable by the courts. Therefore, the dimensions of ethical and unethical behaviour concerning its legality are represented in the matrix. Cell 1 depicts a situation where decisions are legal and illegal, and therefore decisions under such circumstances should be avoided. Cell 2 provides a trade-off between a decision that is legal but unethical. An example of this will include a situation where an individual qualified for a loan from a finance provider meeting the minimum qualification requirement. At the same time, the administrator is aware that the information they receive is manipulated in favour of the applicant. Cell 3 provides a trade-off between a decision that is ethical but illegal. In a situation like this, a person may meet all the organisational requirements for awarding a loan according to the affordability criteria of the organisation. However, a legal impediment has been imposed upon the person,

disqualifying the person from applying for finance. This could be due to a sequestration order or pending divorce proceedings the client must conclude in a court of law. Cell 4 provides the ideal circumstances for decision making as the decision will be legal and ethical.

Table 2.3: The legal and ethical dimensions of decision-making (Source: Adapted from Smith and Johnson 1998:102-103)

	UNETHICAL BEHAVIOUR	ETHICAL BEHAVIOUR
ILLEGAL BEHAVIOUR	1. Illegal and unethical behaviour impacting decision-making. Resolution: No, decision in the interest of both parties.	3. Illegal but ethical behaviour impacting decision-making. Resolution: No, decision in the interest of the organization.
LEGAL BEHAVIOUR	2. Legal but unethical behaviour impacting decision-making. Resolution: No, decision in the interest of the client	4. Legal and ethical behaviour impacting decision-making. Resolution: Yes, decision in favour of all stakeholders.

Individual ethics of administrators within the financial services environment is directed by consequential prohibitions created within the framework of national laws and company policies, while moral prohibitions are vested within the individual's value system. Normative ethics seeks to determine what makes an action right or wrong. Von der Pfordten (2012:452-453) argues that individuals are the concluding reference points for moral decision-making. Therefore, they carry the consequences of their morality. There is no collective responsibility or obligation for morality. He calls this the “principle of individuality” and calls those affected by the actions of others “moral patients”. Normative individualism is in total contrast to normative collectivism; in normative individualism, individuals continuously question how their morality affects other stakeholders; therefore, individual actions are always in accordance with or in contradiction to their logic. Dellaportas et al. (2005:63) point out that self-regulation is the key to individual ethics as it, firstly, protects individuals and protects the interests of an organisation, and, secondly, increases self-esteem, value, and prestige. Individuals live in a social milieu; they have altruistic desires that should imply no egoism, but this, unfortunately, is not the case even within the workplace. Normative collectivism does not exist as ethical justification and can only find root within a group if everyone involved is in total agreement and will act in accordance with the objective values and policies of that society or organisation.

Wong (2006:17-18) asks, “how should society be organised and what policies its various agencies pursue?” Organisations, particularly in the financial services environment, form part of the greater society and, as such, respond to the needs of the community it serves.

Policies formulated within organisations must traverse the prohibitions placed on them by society and seek congruency to please all stakeholders.

2.3.1.1 Deontology

Deontology is based on the work of Immanuel Kant (1724-1804), who alluded to the fact that actions are performed because it conforms to the universality of moral law. According to Wong (2006:18-19), people will always act morally because their actions are based on narrowly defined constraints that direct their behaviour regarding what is right or wrong.” It is assumed that individuals who work in the financial services industry will conform to the requirements of their employment conditions and organisational policies because it is expected of them. Therefore, the premise for deontological approaches to be usefully employed within the financial services sector is anchored by the perception that all employees know what is right and wrong.

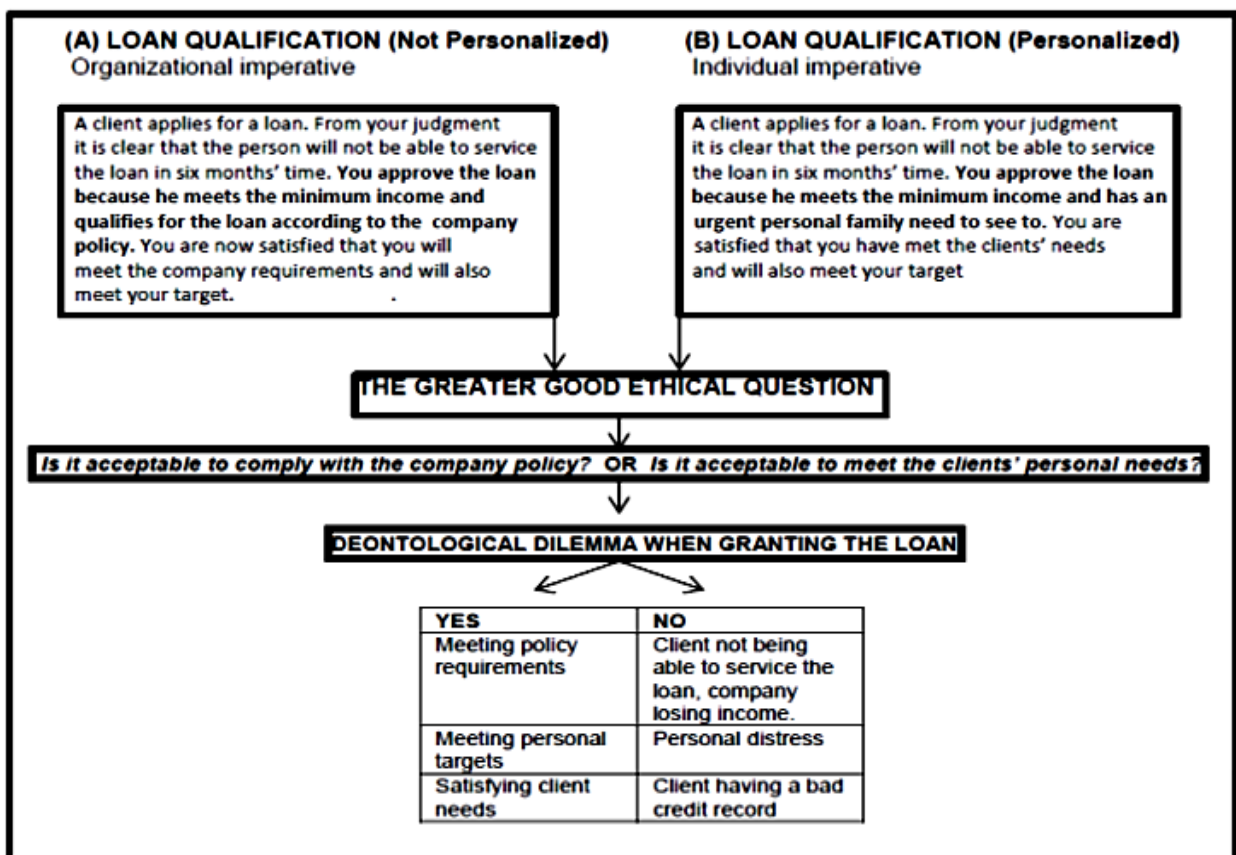


Figure 2.3: Deontological dilemmas facing administrators in the financial services industry

In the decision-making process, both the deontological and consequentialist positions confront the individual with decision possibilities. In any choice, there will be a consequence. Consequentialists have the benefit of time to make judgments and have many options to consider, while the deontological dilemma offers one of two options, as in the case of loan application approvals in the financial services industry. Deontologists move from the viewpoint that all actions must be for the “greater good”. In figure 2.3, the administrator's dilemma is about pleasing the organisational targets to please his employer and securing a loan for an individual to meet the person's needs. The dilemma of loan decision-making can be personalised or non-personalised. When a decision is personalised, personal opinion is the primary influencer informing the decision. Individual ethics and moral judgments within the operational minimum and organisational policy guidelines form the framework for decisions. This assumes that the individual will not deliberately transgress the company's rules but will act on the margins of acceptable reason. When a decision is non-personalised, the administrator will operate strictly according to the policies and guidelines of the organisation. The perception is that deontological judgments are selfless actions and will express a moral position that benefits others. Deontological dilemmas faced by administrators can be very stressful as the impact of their decisions has long-term consequences resulting in financial gain or loss for the organisation and the deprivation of some kind for the loan applicant.

2.3.1.2 Consequentialism and decision-making

Consequentialism is a doctrine that states that any action can be regarded as right or wrong, dependent on the consequences it generates, which can be good or bad. Pontmore (2001:2) holds that consequentialism can be viewed as a process that suggests minimum violation as long as it is associated with the agent-relative theory of value, thus implying that if a violation brings value, the consequence is good and, therefore, the action justified. Stole & Pettit (1984:160-164) indicates a dichotomy between satisfying individual rationality and common-sense morality that enhances benevolence which opens the way for consequentialism. The question thus arises, what is the best consequence?

The Utilitarian approach in Consequentialism is seen as not the most just approach in consequentialism as this approach deals with the assurance of justice for all and looks at the benefit of the disadvantaged. Utilitarianism thus seeks overall utility in which everybody benefits. Consequentialism thus seeks the unique equilibrium between good and evil. Gips (1991:4).

Hooker (2007:514-519) contends that rule-consequentialism has the intention to produce the most practical consequences as its goal for morality. He states that act-consequentialism will not produce the best decisions as to when to take action at every moment to decide, as the

process will be time-consuming and not cost-effective. Using act-consequentialism, the decision-making process cannot produce the best consequences; thus, he contends that rule-consequentialism will produce the highest expected value. The consequentialist's argument that employees may misinterpret and misunderstand rules is an implausible argument to discredit rule-consequentialism.

He argues that opposition to consequentialism should not start from a consequentialist premise. Instead, the premise is that moral theories must identify the considerations that make moral convictions acceptable, and all moral convictions must be justifiable from an impartial disposition so that all consequentialist deliberation and decisions could result from a "reflective-equilibrium".

Rule-consequentialism has the burden of ensuring compliance as rules need to be internalised and non-compliance acted upon. Thiroux et al. (2014:32-35) contend that consequentialism has two main theories, ethical egoism and utilitarianism, both suggesting that human beings should act in ways that result in favourable consequences. Ethical egoism implies that the individual will always act to satisfy his self-interest, while utilitarianism results in the satisfaction and interest of the broader society. Ethical egoism comprises three manifestations:

- I. Individual ethical egoism, in which the individual only acts in his/her selfish self-interest.
- II. Personal ethical egoism, in which the individual only acts in his/her own self-interest but has no concern about how the next person acts.
- III. Universal ethical egoism, in which everyone acts in his interest and has no regard for what others do.

The problem with ethical egoism is that it is individualistic and has no regard for the impact decisions have on humanity.

2.3.1.3 Moral relativism: A guide to solving ethical dilemmas

Moral Relativism moves from the point that no absolute universal moral foundation and morality originates from custom, culture, or habits. Long (2004:30) says that moral relativism erodes the confidence that society must question or condemn moralities that is unacceptable. According to West (2016:199), the integration of societies caused by globalisation has resulted in the continued questioning of universal and objective morality. Morality in business has been used to form the foundations of "corporate governance to balance economic and social goals and a balance between individual and community goals. Corporate governance is an endeavour to maintain moral and ethical judgments. Beliefs and morality cannot always be justified without unambiguously defending the premise. Moral Relativism has two foundations: Divine Command Theory (DCT) and Ethical Relativism. Stahlberg (2015:148-149) indicates

that the precepts of DCT emanate from the biblical law of “Love your neighbour”, as alluded to by Spinoza (1632-1677), is egalitarian in terms of its interpretation and application.

According to Stahlberg (2015:95), individuals who conform do not find their rights compromised but realise that solidarity empowers them; the results benefit society. That corporation has an intrinsic benefit, thus realising that our rights are inherent dispositions taken care of by natural law. Natural law and civil law thus complement each other. al-Aidaros et al. (2013:2) indicate that in a society that wants to remain relevant, members within it will have to accept the prevailing ethical principles but impresses on the point that people will have differing viewpoints that may be accepted as there is no objective truth that will be equally acceptable by all. People within a community conform to their truths and values, while decision-making within a religious society can also be based on divine command theory, which argues that religious beliefs form the bases for what is right or wrong. Timmons (2012:35) argues that when one subscribes to the theory of divine command, it is understood that one gives up on divine rationality, and this is not the case as religion recognises the gift of free will. DCT contracts an individual to the foundations and teachings of a divine law that becomes unquestionable in its social expression for many. According to Harris (2004:5), DCT could be understood as an idea that humanity would have had no morality had there not been a divine command, implying that if God regarded an action correct, then it would be the right thing to do. So too can contractualism be understood to be compliance with an agreement. Davis (2007:36-37) reaffirms the position of DCT that morality independent of God is empty and that all righteousness only comes from God, inferring that without God, there is no morality, concluding that DCT is a cognitivist moral theory. Followers of DCT firmly believe that it is only true or false and that truth is determined by how it matches up to the will of God. Sulsky et al. (2016:384-386), referring to Forsyth et al. (2008), state that individual and situational factors influence how people judge and perceive ethicality; thus, situational factors will be a predictor of ethicality. He says that where individuals accept higher standards of moral relativism, they move toward believing that behaviour cannot be judged as ethical or unethical. People who subscribe to moral relativism tend to be more creative in seeking solutions to ethical dilemmas as the situation will direct to the best possibilities to solve a problem.

Centore (2000:2) holds that if all social structure is done away with and everyone has the ultimate power to decide what is right and wrong, absolute relativism is reached. He acknowledges that this can result in chaos as it encourages far-right-wing objectives where everyone will express his own opinions and do as he pleases. Ethical relativism subscribes to the notion that everyone has the right to do what pleases him in a space with no objective standards. The problem with ethical and absolute relativism is that the same privilege must be afforded to everyone if one can do as he wants. Moral relativism is anti-authoritarian as no

rigid viewpoint is appropriate in all circumstances. Rachels (1993:435) mentions that people making moral judgments seek nothing more than ensuring that their interests are catered for, and that emotivism is the driver for subjectivism. Capps et al. (2009:420) contend that moral judgments have value due to the degree of acceptance within the system it belongs to because of its indefinability coherence. In support of this theory, he developed a framework for the judgment of systems virtues, indicating that: Judgments within a system can be explained when they are compatible and connected to the system when supported and compatible with the position of others in the system. Therefore, systems are dependable predictors of future judgments.

Harman (2015:859-860) argues that morality is linked to a framework of duty and virtue. Individuals act accordingly with no particular morality that is correct because there is no single correct morality. Relativism cannot prevail in a business environment where conformity must adhere to policies and value systems captured within employment and social, behavioural, and psychological contracts.

2.3.1.4 Contractualism: A response to moral discretion

The contractual approach evolves from the perspective that an agreement or contract constructs morality. The employee and the employer in the financial services environment have a psychological contract that regulates their work relationship; this is not necessarily captured in written agreements but includes aspects of what is required as standard behaviour from individuals and essential requirements to execute the work. Southwood (2010:65-66) states that contractualism concludes that individuals have a prudential reason to do what they ought to be doing because of predefined procedures. The reasonableness of this perception is questionable when considered with normative judgment. Contractualism implies consequences of non-adherence. Li (2015:179) indicates that for contractualism to be realised, there must be a feeling of moral repugnance about what we regard as wrong. An individual must take responsibility for a moral indiscretion and a sense of what governs reasonable behaviour. The question is often asked, why is contractualism necessary if good behaviour should be instinctively ethical? If punishment encourages compliance to a contract to advance social justice and honesty, then contractualism should be seen as consequentialism.

Sheinman (2011:290) argues that the modern conceptualists hold that principled actions are “unrejectable” by virtue of their being principled-based conceptions and that principled-based justifications have priority as they are reasonable by public standards and these actions conform to public standard behaviour. She concludes that any act will derive contractual justification from the principle and not the principle from contractual justification. Meaning that

when something is accepted or regarded as morally correct as a standard of behaviour by the public, it will receive priority and become the principle by which decisions are made. Contractualism argues that where the justification of the principles promotes good, fair reasoning takes place. Where principles are captured within a structured system, contractual justification is expressed in the regularity of decision-making. Paletta (2014:437-438) reintroduces the idea of social justification of actions that lead to the permissibility of morality by how people treat each other and how acceptable actions are. Using Kantian contractualism, he expostulates that contractualism is redundant as the correctness or wrongness of an action is not questioned beyond the normative facts within a system, making it circular without regular justification, resulting in it being explanatorily non-functional a system presupposes that the principle does not change. The structure will emerge as the medium for consistency in the actors' actions. The structure will significantly impact individuals as the structure reinforces the principle and hence the contract. Where administrators in the financial services industry do their work with fairness and honesty by conforming or contracting to the system created by accepted principles of shared value, they will religiously follow a structured process. Strong adherence to contractualism can eliminate particularism.

2.3.1.5 Particularism: A risk to the system

Particularism is an ethical approach that states that there are no moral principles and that every situation calls for a judgment. Kim (2015:206-207) says that particularism is linked to personal identity. There is no need to hypothesise about moral issues as we have common sense and epistemic faculties, and as transient beings face different situations, each situation has different challenges facing each epistemic faculty. The variability of reason due to circumstances is captured in particularism. According to Hudson et al. (2019: 589-603), particularism can be seen as “nepotism or favouritism”, where managerial practices are orientated toward those within an inner circle of favoured individuals. The same can be said when it comes to decision-making, where individuals of the same culture or background are advantaged by those who seek acknowledgement. Particularism erodes agency as individuals choose to act in a way that secures acceptance from peers or superiors.

In referring to Deutsch (1952), Hudson et al. (2019) allude to the fact that procedural justice, as opposed to distributive justice, will be applied with regularity because it is based on rules formed by a communal ethical standard that can be changed as circumstances dictate, therefore particularism will impact negatively on how employees will view distributive justice. Employees working for the commission will work harder if they see fair income disbursements for the quantum of sales generated rather than all staff on the same level getting the same salaries regardless of production levels achieved. Aspinall (2016:173-174), in support of Alina Mungiu-Pippidi (2015), inform that particularism is the dominant pattern of social organisation

in the modern world that has led to the failure of many anti-corruption strategies because of an unwillingness to admit wrongdoing and only regarding corruption as an aberration rather than something that can destroy the social fabric of nations, warning that particularism is the roots of corruption and must be moved away from in favour of ethical universalism or virtue ethics. Where particularism dominates, everybody wants to be part of the privileged group resulting in good individuals being attracted to unethical practices that encourage personal gain and wealth. He contends that equilibrium can be sought to minimise particularism and uses the formula: Control over corruption = Constraints (Legal + Normative) – Opportunities (Power Discretion + Material Resources), suggesting that society can move toward greater integrity. Legal constraints are captured in legislation and regulations, and within organisations, these are encapsulated in policy documents. Normative constraints come from the individual and communal ethical virtues of employees. The opportunity to partake of self-gain particularistic enrichment schemes, corruption or unethical behaviour is invigorated where absolute power and discretion are given to individuals to decide and when material resources of wealth are available and under the control of only one or a few persons. In situations where corruption is low, the cost of violating social norms is high as the individual will be more inclined not to be exposed to peers who conform to the prevailing value system, but where corruption is high, the cost of violating the social norms will be low because engaging in corruption is more acceptable (Rotondi & Stanca, 2015:222). Cutting the “red tape” allowing for greater discretion in decision-making can also encourage particularism. The freedom derived from particularism will motivate unscrupulous participants in some sections within the financial services industry to become creative when approving applications for financial services or products to benefit their objectives.

2.3.1.6 Virtue Ethics

Virtue denotes good within people displayed by their actions and habits. The ethics of virtue and the ethics of duty are often confused; as alluded to by van Hooft (2006:6-12), the ethics of virtue asks the question: “what should I be?” and the ethics of duty asks: “what should I do?” Virtue ethics seeks to understand how we respond to the value system we have developed that requires judgment, whereas the ethics of duty investigates the moral dilemma created by principles established by reasoning from an impartial juristic perspective. Virtue ethics extend beyond morality. Virtue ethics considers the agency of individuals in which a person does not have to seek justification to do what is correct. It is agent-centred and not act-centred Hursthouse (2002:25). Bruni (2013:143) mentions that a morally well-constituted individual acquires virtue because of the person's character and not because of being governed by rules. GruniBouckaert & Chatterji (2015:267-277) argues that even if the objective of ethics is to pursue change as a strategy, there will always be the pursuance not

only just to advance self-interest. He alludes to Aristotle's tradition that moves from a perspective less focused on momentary choice but more on an individual's ethical character and enduring traits. They suggest four questions when making ethical decisions:

- a) The consideration of the consequence.
- b) The principles or values that constrain the choice.
- c) The relevance of your own or other people's motives will influence your choices.
- d) The relevance of the character of other people when making a choice.

Consideration is taken off "in whose" interest the action was taken. Ethical actions must reflect the character of the individual. Cheney et al. (2010:76-89) say that we strive for eudaimonia and excellence in our character; this, in its totality, forms the purpose of virtue ethics. The quest in virtue ethics is to find a balance between Rationality and Emotionality through the exercise of phronesis. Bertland (2008:26) advocates that an astute manager will find solutions for moral dilemmas that benefit most people. Virtue ethics develop the capabilities of people and not the character linked to a fixed goal, noting that everyone has dignity and must be developed according to his capabilities; thus, character must be evaluated on how it facilitates and support a community to flourish. Koehn (1995:536) proposed six ways in which virtue ethics enhances the understanding and regulation of business behaviour. First, he contends that the main focus of virtue ethics is the conformity between right thinking and desire, explaining that the virtuous person is habituated with the desire to do noble deeds. Secondly, virtue is an appreciable feature and noticeable by others within an organisation. Thirdly virtue and karma are closely associated as virtuous actions determine a future action or outcome. Finally, virtuous actions are instrumental in lifecycle determinations within a business. The complete understanding of a situation or pattern of behaviour provides ultimate knowledge that equips you to exercise agency. In the fourth element, he emphasises the importance of the contributions of individuals that can add value to any business. Persons who act reasonably and with justice will be catalysts of unified workspaces. Fifthly virtue ethics gives impetus for excellence as it celebrates human capacity in developing a cooperative individual within a competitive business environment. Virtue ethics highlight conclude that a community shapes the nature and personality of a person so that a standard or metaethical understanding of what is ethical and moral can prevail.

2.3.2 Metaethics

Fisher (2014:1-5) indicates that metaethics is an attempt to understand ethics and its practice, looking at people talking about that which is moral. Metaethics attempts to understand how

and why people make moral judgments, and thus it considers by analysis of moral language, moral judgment, and moral ontology. Bell & Hafford-Letchfield (2015:12) defines metaethics as a section of moral philosophy that pursues to make sense of Epistemological and conceptual moral presuppositions.

We can act rationally without having any rational reason for our actions, according to Sylvan (2014:589-591), concluding that rationality and correctness are narrowly understood, indicating that our de dicto beliefs constitute our rationality. The vulnerability of metaethics is over-intellectualisation that impedes rationality. Fisher (2014:26-37) states that emotions move beyond rational criticism while our moral beliefs can be criticised and that emotions are not objective or can be used with authority in judging what is right or wrong. Moral feelings are not reflections of what we think; therefore, moral feelings cannot be verifiable. Emotivism is not subjective but a non-cognitive theory; while subjectivism reports on situations, emotivism expresses a moral judgment. Emotivism is used not only to transmit facts but to influence and direct the actions of others; therefore, it can be concluded that ethics can only be justified in its application.

2.3.3 Applied Ethics

Bell & Hafford-Letchfield (2015:12) says that applied ethics is synonymous with moral philosophy and forms part of normative ethics. According to Robin (2009:139-140), business ethics being active for many years, must develop an agreed body of knowledge of perspectives on applied ethics, as ethics cannot create perfection, but it can prevent or minimise certain harm. Bainton (2012:115-117) mentions that applied ethics provides an answer to solve control problems by which non-philosophers attempt to use philosophical methods to solve moral problems in society. He contends that social phenomenon becomes routine, this routine becomes regular or predictable, and, in that way, structure is established. Structure or pattern becomes a set of functions that maintain the institution; in the process, norms and values are taught to stakeholders and integrated into the relationships they have with one another and the activities they need to perform. Applied ethics becomes the institutional charter that evolves into the institutional reference point to evaluate actions. Applied ethics implies structure, and structure reinforces status, both ascribed and achieved status. Applied ethics is tested within an organisation by the ethical context and structure created by a person's position. An individual's status determines the ethicality of his actions as certain behaviour is expected from different levels of authority; thus, we can distinguish between status appropriate and status inappropriate behaviour. The areas in applied ethics that are relevant to this research include business, professional and organisational ethics. Applied ethics is closely linked to corporate governance. Abdullah and Valentine (2009:89-99) argue that literature on corporate governance fails to fully address what governance is, thus

resulting in a multiplicity of interpretations. Due to the link between corporate governance and applied ethics, applied ethics include agency theory, stewardship theory and stakeholder theory.

Agency theory: “the relationship between the principals, such as shareholders and agents such as company executives and managers.”

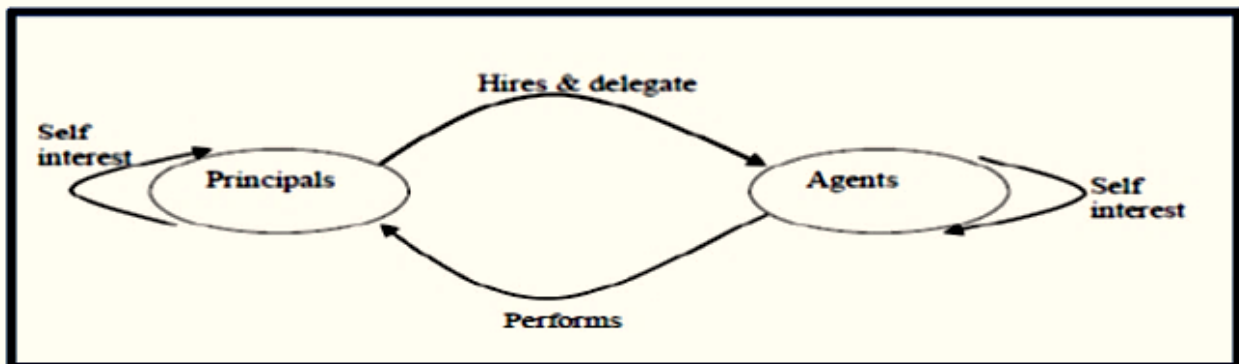


Figure 2.4: Agency Model

Source: Abdullah, 2009

In the agency model (Figure 2.4), the stakeholder hires the administrator and expects the agents when delegating authority; the agent performs the tasks to meet the required expectation each one of the parties has their self-interest to consider. The agent works for a salary that may include a commission while the principals seek profits and dividends. Where self-interest becomes the main objective, ethics are compromised. Management theory suggests that the agent will work toward satisfying his interest rather than the principal; to minimise this, the principal must incur costs to incentivise and monitor the agents, as summarised by Henry (2010:113-115). Forbes-Pitt (2011:76-80) claims that agency does not exist without structure. Within this structure, the agent is given authority to act, but all agents have an ego emanating from self-knowledge, experience, and previous achievements; thus, the agent evolves into an ego-agent working toward his self-interest. The enabling factors allowing an agent to act in self-interest are not limited to self-awareness and intentionality to connect with the external world, or that agency is the only way to gain recognition but is more about identity. Agency and structure have a reciprocal relationship; changes in agent behaviour cause structural changes and structure changes impact agent behaviour. Structure is established by those in authority, including business owners, the principals who have self-interest derived from dividends and profits as their objective.

Stewardship theory. “a steward protects and maximises shareholders' wealth through firm performance because by so doing, the steward’s utility functions are maximised.”

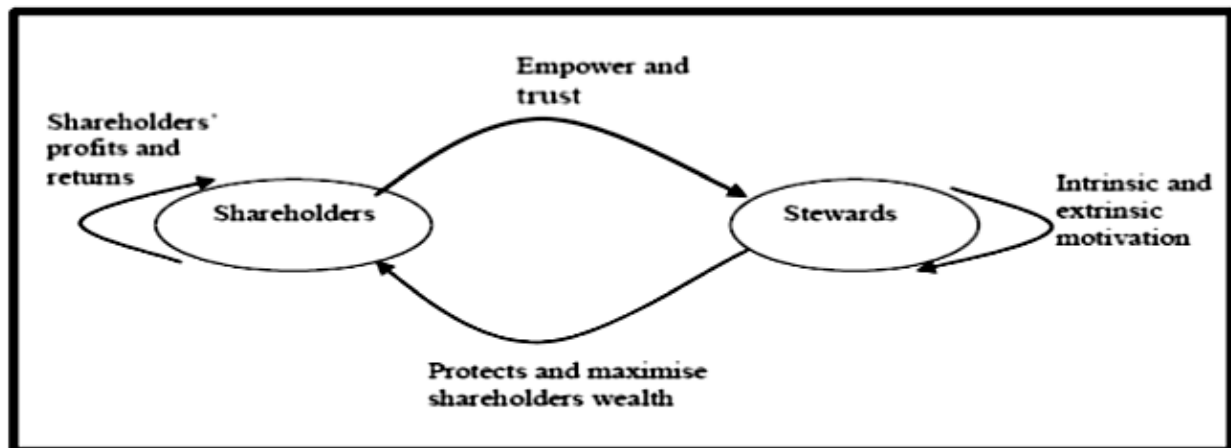


Figure 2.5: Stewardship Model

Source: Abdullah, 2009

In the stewardship model (Figure 2.5), the administrator is not seen just as an employee but is regarded as a custodian of the business. The steward works in the interest of the business, knowing that if the business does well, everyone will prosper by protecting and maximising shareholder wealth. Shareholders, in turn, empower and trust the stewards. Agents align their interests with those who induce them with incentives that reward good behaviour, while stewards act because of inherent value systems and extrinsic motivation. Stewards are given authority by principals because there is trust to use resources even when there is no contractual relationship (McCuddy 2007:43). In the stewardship decision tree Figure 2.6 of Brickerhoff (2012:35-46), we observe how stewards use sub-questions to guide their decision-making to satisfy their value systems and deliver on organisational needs resulting in a profit for the shareholders. The questions asked by the steward all reflect the interest of the organisation: the measure of consistency with the company mission and vision is fundamental in meeting the main objectives that drive the institution's long-term goals. The steward seeks justification in the history of the enterprise to determine if similar decisions have been made in the past and what the outcome was. This determination will indicate whether they should proceed or not, should they have the required capacity, skills, and resources available. Decisions have financial implications, and therefore budgetary constraints must be examined to ensure that they can finance the project and achieve a return on their investment within a quality assurance framework that protects the interests of their clients.

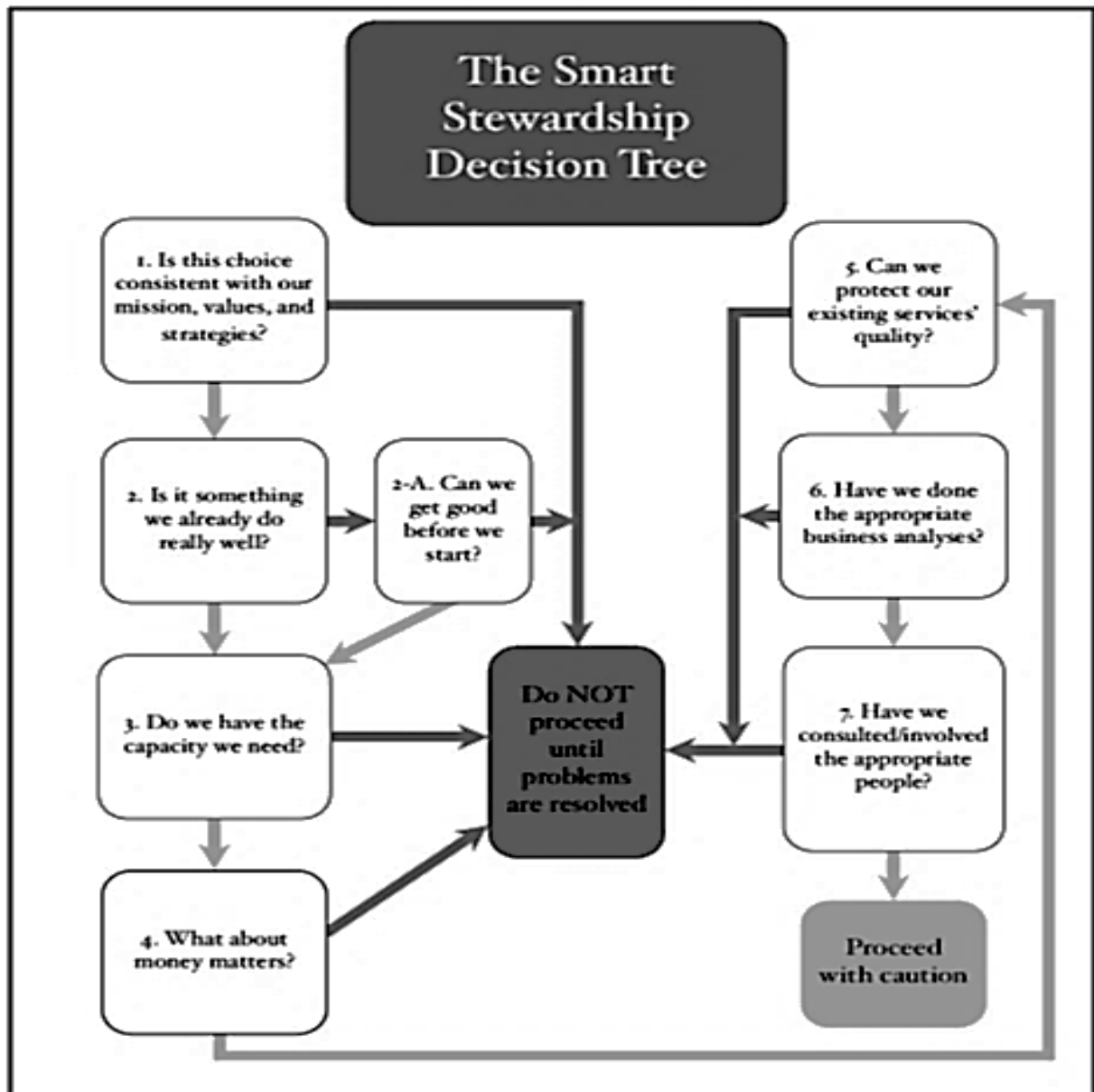


Figure 2.6: Smart Stewardship Decision Tree

Source: Brickerhoff, 2012:35

The key to good stewardship is the contemplation around consultation with all stakeholders; they will proceed with caution even when that is done.

Stakeholder theory: “any group or individual who can affect or is affected by the achievement of organisation’s objectives” is a stakeholder in the organisation. Donaldson (1995:68-70) defines stakeholders as any person or group participating in an enterprise with the legitimate interest to obtain a benefit, not above the interest or benefit of others and emphasises that

stakeholder theory should be used as a guide for the structure and operations of businesses. Zakhem (2017:49-52) mentions that stakeholder theory evolved after criticism of the shareholder-centric view that dominated business in the twentieth century. Companies were traditionally owned and operated by families in their interests. This perception changed when accountability to community needs, financial institutions and other stakeholders was recognised. As the economies of scale developed, individual and family owners were compelled to consider the influence others had on their enterprises. As the size and the complexity of businesses grew, so did the agency distribution. Controlling agency costs and managing operational efficiency became cardinal to corporate governance. Stakeholder theorists have argued that shareholder models do not truly reflect business realities, especially regarding compliance with the law involving the employment of workers and corporate social responsibility, as profit maximisation is core to the business model.

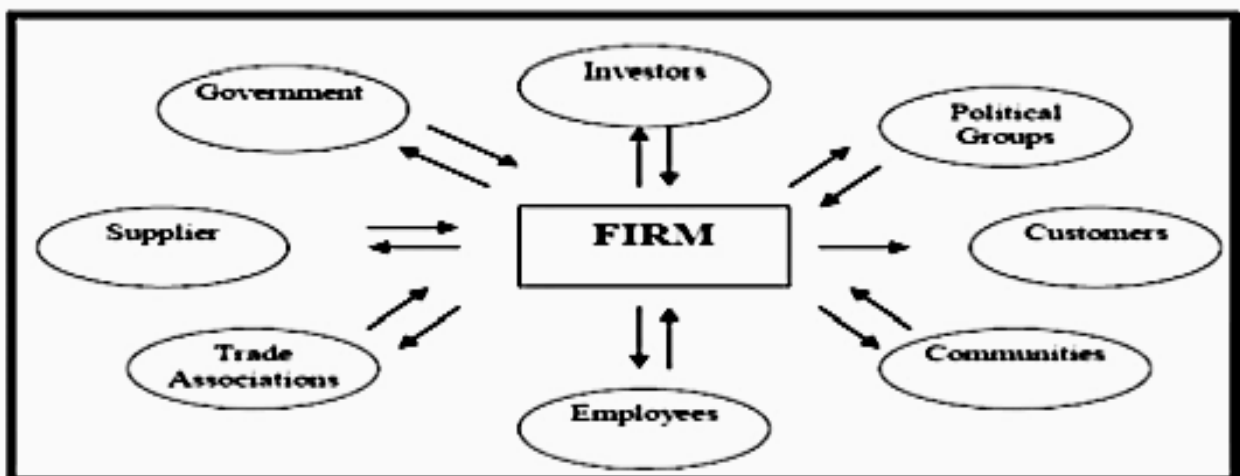


Figure 2.7: Stakeholder Model

Source: Donaldson, 1995:69

As shown in figure 2.7, the stakeholder model considers that all downstream and upstream participants in the production process are affected by what happens in the organisation and that ethical practices must be reciprocal.

Corporate governance and business structure cannot be justifiably explained by one ethical theory and need the inclusion of a combination of theories in an application within a corporate environment. This holistic realisation ensures that different perspectives are considered, according to Abdullah and Valentine (2009:94).

2.3.3.1 Business Ethics

Rossouw and Van Vuuren (2004:3), in their deliberation on business ethics, describe ethics and ethical behaviour as: *"[e]thics concerns itself with what is good or right in human interaction...Ethical behaviour results when one does not merely consider what is good for oneself but considers what is good for others"*. Sahu (2016:35-38) asserts that business ethics is becoming more relevant and is gaining impetus not only because of an increase in unethical behaviour but also due to the cost to companies and its influence on the global reputation of a country. The social responsibility movement that started in the 1960s considered ethics a discipline for business management by raising awareness of what was expected in the financial services industry's financial and social interactions and behaviour while addressing social problems. David (2005:20) contends that "Good ethics is just good business". Kish-Gephart et al. (2010:1-31) state that corporate scandals abound in organisations, and it needs to make a priority to understand the antecedents related to unethical practices within organisations. Business ethics must concern itself with the conduct of businesspeople and direct their moral values in the decision-making process. Gini and Marcoux (2012:65) highlight the fact that business ethics must not pursue business without ethics nor practice ethics without business, thus indicating that the two, business and ethics are to function in congruence with each other if each wants to achieve a result within the business environment. According to Cropanzano and Gradley (1998:150), the term "Business Ethics" suggests two distinct human endeavours, with "Business" relating to the commercial endeavours resulting in profit in the creation of utility for self-interest.

In contrast, "Ethics" assumes that people will act rationally in consideration of the interests of others. The myth arising from this assumption resulted in many business owners not giving much attention to the ethical practices of their employees. As a result, organisations face severe dilemmas due to incompatible value systems. Businesses now had to search for models of good ethical practice.

According to the model of business ethics by Svenson and Wood (2008:303-322), figure 2.8, business ethics can be divided into three components and five subcomponents. They state that society has an expectation created by their values. These values result in the virtues that translate into action. Societal virtues expect business and every other area of civil interaction. Each civil interaction works independently and collectively and has a psychological contract with society regarding service levels. The values, norms and beliefs of these organisations are shaped by the society in which they operate, thus supporting businesses in developing an ethical foundation. Businesses and society have perceptions about the roles each plays in the supply and acquisition of services and goods. This relationship they have is based on perceptions. These perceptions drive the ethical orientation of each. The societal expectations

based on norms and values resulting in perceptions must deliver an outcome that satisfies the initial expectations have to be evaluated against some criteria. The criteria on which outcomes are evaluated in turn emanates from each stakeholder's expectation, value system, and perceptions. Society continually re-evaluates itself against the products created within this continuous cycle, so expectations change, values are adjusted, perceptions are influenced, and results are reviewed. There is a constant reconnection between what and how society evaluates and expects, showing a capricious and continuous shift in societal and business ethics.

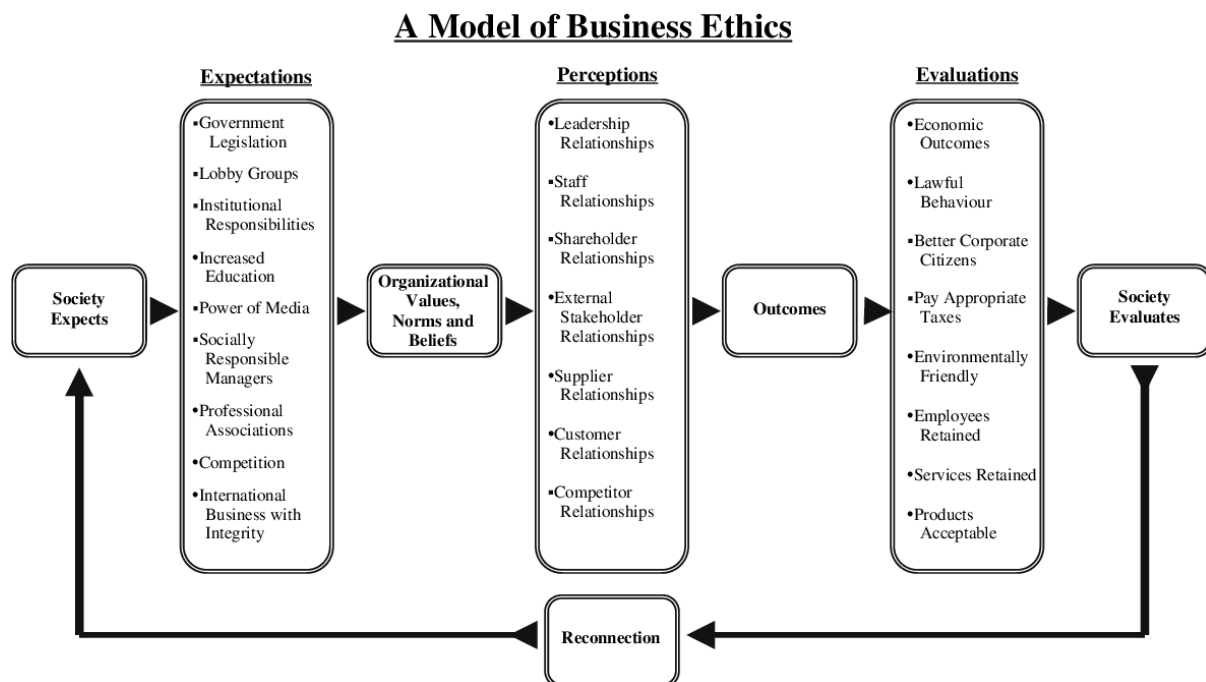


Figure 2.8: Business Ethics Process Model

Source: Svensson G. & Wood, G. A Model of Business Ethics. Journal of Business Ethics. 2007 77:303-322)

Solomon (2001:357) suggests that business ethics has three levels:

- I. Micro Level: exchanges take place at the humanist level of promise, obligations, and actions to secure appeasement of individuals understanding that actions have consequences and implications in the context of respecting the rights of others.
- II. Macro Level: covers the institutionalised rules of business applied in society.
- III. Molar Level: pertains to the business unit in which employer and employee interact.

Business ethics is the continuous processing, clarifying, and discussing what is ethical or not in the business that leads to the development of a vision of what is good and noble in how business is conducted. Business Ethics is evolutionary, and governments should be the custodians of the norms of ethical practice, as viewed by Henderson (1992:4). The established and entrenched norms of ethical business practices contribute to administrators' professional delivery of services.

2.3.3.2 Professional Ethics

According to Schwartz and Harris (2014:109-110), there has always been a focus on normative and empirical ethics; while this is not problematic, misunderstandings emerged regarding what approach to take regarding business ethics. It was and still is a requirement by society that behaviour is acceptable and professional. Professional ethics have always formed the foundation of practice within nursing and the military, where oaths are taken when starting a career in these fields. Su and McGettrick (2012:3-4) state that professional ethics emerges from professional settings where inter-relatedness between a professional and a client. Professional knowledge is changeable according to the circumstance in which it operates and is set by the social context and culture that underscores it. Any professional action must be seen to improve society but can also provide some dilemmas to the individual that include:

- Right vs right outcomes
- Individual vs corporate interests
- Short-term vs Long-term considerations
- Financial vs Humanitarian criteria.

Professions will differ mainly in their codes of conduct. For example, it is professional for a soldier to kill in certain circumstances, while it is professional for a medical doctor in the same circumstance to save lives at all costs. The professional activity required within the financial services industry is to ensure that the client's interest and corporate interest are taken care of simultaneously. In contrast, personal interest becomes of less importance. Herzog (2019:533) emphasises that when moral values systems are entrenched and become a habit within an organisation, these values create a counterweight against the temptation to cheat or misbehave when dealing with customers. These values become part of what the larger business community of practitioners within the financial services regard as the standard of professional ethics. Rules that are not grounded in ethics will be circumvented, and thus professional ethics will not be manifested within the organisation's ethics. Martin (2000:21-22)

points out that personal ideals become organising principles that will encourage, motivate, structure, discipline, and integrate all activities; these ideals will contribute to the coherence of all professional endeavours. Professionalism makes demands on time and energy. Professional attributes are required within operations in a workspace or any other environment that requires just and ethical expression. Acting professional does not empower individuals with autonomy but rather with agency to operate within the framework of policies and rules as ascribed by employee contracts. The exercising of good judgment and sound discretion is the foundation of professional ethics. Professionals can display good ethics in the business environment without showing personal concern for the client by being professional in their interactions.

Skilful professional detachment can conceal indifference or contempt while ensuring that good service is rendered; this can be seen as ritualised hypocrisy where the concern is more about profits and less about caring about clients. The notion that clients purchase services and not attitudes or emotions can have an adverse consequence for business as individuals are sensitive to moods and can determine the attitudes of sales staff when interacting with them. Martin (2000:69-71) insists that while attitude and emotion contain ritualised hypocrisy contain some truth, it is a one-sided and distorted opinion on professional, ethical practices required for showing meaningful commitment to the professional-client relationship. Professional ethics requires the duty of care from all employees, including the care of service and duty. Employees must have a degree of altruistic motivation, not implying self-sacrifice but rather having a positive attitude toward their work and people. Professional ethics imply professional relationships for persons employed in the financial services industry, not personal relationships with clients and colleagues. Professional relationships require appropriate role behaviour that will lack features of friendship and intimacy and must always display moral respect. The role relationship is well-delineated and places restrictions on all participants in economic engagement. Professionalism implies rules of engagement of a higher standard than those expected from other people; professionals are bound by fiduciary responsibilities based on trust Ojienda (2011:22-24). Workspaces require individuals to comply with policies and values that guide their behaviour to conform to specific professional standards, these levels of conduct form a structure on which organisation ethics are established.

2.3.3.3 Organisational Ethics

McLeod et al. (2016:439) state that research on organisational ethics is still in its infancy. According to Koehn (2014:5-24), no individual is inducted into how creativity will contribute to the ethical evolution within organisations or whether creativity is an element for ethical discernment. He alludes to the fact that individual or organisational creativity can be regulated with explicit moral norms but going with the flow to make seniors happy is seen as qualifying

and complying with the organisational virtues. According to Benatar (2002: xviii), ethics includes theory, “what should be done”, and also application, “how it should be done”. The guiding principle of ethics is the understanding and application of the difference between knowing what is correct and doing that which is correct.

Thompson et al. (2014:97) refer to the five ethical/unethical responses of organisations as introduced in the spectrum of ethical and unethical responses by Reienbach and Robin (1995):

Amoral companies: these organisations seek to “win at all costs”, where everything is acceptable and not being found out is the secret to success.

Legalistic companies: these organisations obey the law; they do not require codes of ethics or policies but act on unethical behaviour when required.

Responsive companies: These organisations accept their ethical and moral obligations and regard ethical practices as vital to their existence, knowing that being ethical has payoffs.

Ethically engaged companies: these are companies that actively “do the right thing” and are seen doing the “right thing”.

Ethical companies have ethics at their core, with many strategies and policies to support and underpin their ethical values and actions.

Jurkiewicz and Giacalone (2016:1-12) highlight that literature on organisational ethics has focused mainly on normative issues that encourage positive behaviour and shied away from focusing on harmful or unethical behaviour. They indicate that an organisation’s structure contributes mainly to its ethicality. Organisation structure hampers ethical oversight due to the closed-loop structural system that fosters dysfunction. They identified a further ethical problem attributed to the fact that functional responsibilities are not clear to all employees. Phillips (2003:43-58) states that individual moral and political theories are not adequate in dealing with moral problems prevalent in the modern workplace. When developing ethics for organisations, a complete understanding of the inadequacies of the current political and moral theories is needed. The liberties enjoyed by individuals extend from rights and duties that the privilege of citizenship provides together with the benefit of employment as an active part of the economy. Economic activities and interactions create obligations for individuals in an economic structure. Gibson et al. (1991:438) define structure as a feature that “controls or distinguishes the parts” of an organisation.

Organisations play an influential role in society by exercising control over individuals' conduct; thus, organisations' ethics cannot just be a derivation from political and moral theory. The political theory concerns itself with judicial arrangements of state while forming an essential structure for how society, the economy and business should operate. The argument is that

should the basic structure created by the state be well-ordered, organisations would have had no imperfections. Organisations have the privilege of independent expression within the framework of the judicial structure arrangements which the state provides. This privilege extends beyond the obligations to the state and, in the case of the financial services industry, includes aspects of remuneration, incentives and employee obligations emanating from the psychological contract.

As organisations grow and develop, their aims, functions and purpose expand with the obligations of employees and employers evolving, creating more expectations. The social institution comprising individuals from different cultures, religions, intelligence, and talents is a “natural lottery” of taking what you get for organisations and cannot be seen as a social structure that automatically has congruence regarding values. It is, however, assumed that when arguing for an original position within an organisation, distinction in background will not be an influential- factor as individuals will move toward positions that favour their social class and even ethnicity. To review barriers to fairness, organisations must seek commonality in values.

Rossouw and Van Vuuren (2010:53-65) identify five modes for organisations' strategic management of ethics.

- I. *The Immoral Mode*: Organisations who subscribe to this mode espouse that unethical conduct is good for business and view that ethics is a rhetorical device to expose a paradox and is the cause of contradiction. The perception is that business is a very hostile environment and that everything necessary should be done to survive, “survival of the fittest”. In using the immoral mode as a business strategy for managing ethics, businesses do not see the necessity to apply ethics in any business decisions, nor will they show any sensitivity to the ethical expectations of their shareholders. Stakeholders, including customers, will become disillusioned with continued immoral ethical practices and disassociate themselves from the business. Any discussion on ethics is viewed as a weakness. Such organisations only change their perceptions of ethics when they are exposed for unethical practices or when the financial consequences of unethical practices threaten the sustainability of the business. Cognitive dissonance will exist where employee ethics conflict with the ethical practices of the business, resulting in an employee being alienated or becoming a passive participant in organisational activities.
- II. *The reactive mode*: Organisations often revert to the reactive mode to respond to the immoral mode. Where organisations have been exposed for immoral ethical practices, they will react by confessing their immoral actions but will not do much beyond that. Organisations employing the reactive mode as a strategy for managing ethics have

the perception that a confession is a display of remorse and commitment to ethical behaviour while doing nothing to address their unethical practices. These organisations acknowledge the importance of ethics, while unethical practices may be prevalent and ignored. Reactive mode organisations recognise the risks posed by unethical practices and fear spurning by their stakeholders. These organisations operate with the “bending of the rules” principle. These organisations will formulate policies and codes of ethics to display their rejection of unethical behaviour while never acting on unethical behaviour but will encourage unethical behaviour if it is in the “interest” of the organisation. Stakeholders find it very difficult to trust such organisations that vacillate between that which is ethical and unethical; such organisations are very susceptible to scandal. Organisations employing the reactive mode often discover that token gestures of good ethics do not attract investors, nor does it illicit context from moral discourse among employees who will demand a more proactive stance on dealing with ethical dilemmas.

- III. *The compliance mode:* The compliance mode of ethical management is a considerable deviation from the reactive mode as companies who subscribe to the compliance mode are committed to managing their ethical practices. Employees working in such organisations have their ethical practices monitored, and compliance with ethical standards is mandatory. Codes of ethics are not just token documents but are enforced. The motivation for compliance is to avoid unethical behaviour. In this mode, the ethical management approach is transactional, emphasising compliance or punishment as the only two options in ethical behavioural management. The diligent compliance to ethical codes of conduct or policies is bureaucratically enforced and becomes the locus of moral behaviour, undermining individual moral autonomy. This disempowers employees to rely on their moral discretion. Organisations must seek an alignment between organisational ethics and employee ethics.
- IV. *The integrity mode:* Organisations using the integrity mode have a value-based approach to managing ethics. Ethical values are internalised by seeking a commitment to ethical practices by everyone in the organisation who has shared corporate values. Ethical behaviour is pro-actively promoted. Management and employees make a concerted effort to act ethically and take responsibility for ethical practices. The success of the integrity approach is embedded in the culture of the organisation. The organisation's ethical values are revisited regularly so that the moral expectations of each person can be deeply diagnosed and communicated. Recruits are inducted into the culture of ethics of the organisation. Good ethical behaviour is rewarded and is part of the critical performance requirements of each employee. The ethical management approach in this mode is transformational. The challenge of the integrity mode is that

unlimited discretion can lead to abuse of authority given to individuals, an increase in reputational risk for the organisation and the erosion of values. The presumption of corporate identity can be a misnomer as there may be individuals who lack clarity about the corporate values and do not identify with the organisational identity. Failure by employees to adhere to the integrity mode as a strategy to control ethical behaviour may result in organisations reverting to the compliance mode.

- V. *The Total Aligned Organisation (TAO) mode*: The TAO mode is a strategy embedded in the organisational vision and mission and is how an organisation defines itself. Morality is the organisation's identity and is premised on non-negotiable ethical and moral interaction with stakeholders. Ethics is the organisation's "*raison d'être*". Ethics is engrained in the psyche of everyone working at the organisation. Sustained stakeholder engagement is vital in applying and maintaining the TAO mode. The continued and enforced reliance on employees to act with integrity may create a bureaucracy where only rules apply, and individual moral expression no longer exists.

Organisations look for moral rules that will be normative guidelines for operational processes. Moral rationality derived from Integrative Social Contract Theory (ISCT) forms the foundation for acceptable moral convictions among employers and employees in reaching morally and ethical relevance in creating a harmonious work environment. Organisational ethics should be descriptive, substantive, and manifest themselves in everyday conduct. The ethics of an organisation must operate from its assumptions grounded on the attributes on which the mission and vision of the organisation finds its foundation. Organisational ethics that is independent and subscribes to the collective morality of all stakeholders informed by the plurality of its constituents will reinforce fairness and justification in an established moral position shared by all. Thus, organisational ethics should not just be a parasitic extension of what other businesses are doing or the dictates of the state. In finding their own morality and value congruence, organisations can contribute richly to its employees and society.

Ethics have become more prominent in business in the last decade to dispel the myths around how business should be conducted. For example, Rossouw and Van Vuuren (2010:99-108) identified six myths about business practices:

1. "*Dog eat dog*" this rule portrays business as a very hostile environment where you destroy others before they destroy you and that considering the interests of others before your own can be a fatal mistake. The myth does hold some truth in that you need to take care of your interests for your business to survive, but it fails to recognise that blind commitment to your own interests will draw attention away from other

important issues and relationships that can lead to suicide for your own business. Business is an integral net of relationships between stakeholders and working only for your self-interest at the cost of others is not suitable for your own business and nosiness in general.

- II. *“Survival of the fittest”* This rule contends that business is a continuous struggle where only the toughest survive. The competitive environment in which business operates dictates that worrying about the interests of others will place your chances of survival in jeopardy. The suggestion that you need to be tough and that you need to beat your competition is understandable as business is competitive. The notion that ethics in business is taboo is encouraged by this myth. The flaw of this myth is not the emphasis on competitiveness but instead that it sees competitiveness as a licence for unethical behaviour.
- III. *“Nice guys/girls come second”* This rule contends that being ethical and successful in business is not possible as you should either be “ethical and unsuccessful” or “unethical and successful”. The element of truth about this myth is that being ethical may come at a price, as one will have to refuse compromising deals and transactions that can place one’s business in jeopardy. The notion that being ethical will fail is not valid, as being ethical ensures sustained success.
- IV. *“Unethical conduct is not serious”* This myth propagates that unethical practices are not wrong and of little harm to society, and society may gain from it somehow. This myth is based on the distortion of truth as it views unethical behaviour as superficial as the impact may not be very harsh. In financial services, an example would be granting a loan where the benefit of the money may seem to outweigh the ability of the person to repay the loan.
- V. *“When in Rome, do as the Romans do”* This myth contends that the established behaviour is the one to follow. If the norm of business practices is unethical in a given environment, the practice is acceptable and must be followed, “If you cannot beat them, join them”. This myth may sound appealing as it encourages conformity to the prevailing culture of conducting business and the “majority cannot be wrong” principle. The problem with this myth is that it condones unethical practices and encourages moral decay. This myth also justifies complicity in corruption and harmful social practices and must be discouraged at all costs if the interests of all stakeholders are to be protected.
- VI. *“All that matters is the bottom line”* This myth promotes the notion that business is only about making profits and that profit is the only measure of success. Of course, business does need to be profitable to be sustained. However, there is a distinct difference between “profitability for existence” and “existence for profitability”.

Profitability is essential, but the means of obtaining profit is where the ethical problem is. Legitimate businesses must be seen to conduct business ethically by not overcharging, providing products and services of quality, and not exploiting their staff. The “licence to operate” is the psychological contract between society and business that allows businesses to exist and make a profit but with the proviso that no harm will come to society.

Liedtka (1989:807-812) contributes to the debate on value congruence and organisational ethics by distinguishing between two kinds of organisations, one in which you find rich, multidimensional value systems and another that is strictly utilitarian, identifying individual value conflict, organisational value conflict and the value conflict between the two. Kotler and Keller (2006:706) strongly assert that the success of any business and the objective to satisfy the needs of stakeholders is intrinsically tied to their values and standard of ethical conduct. Therefore, internal consistency in values will achieve value congruence. She notes that when equilibrium is achieved in value consistency, the greater the influence of the organisational values when shaping the responses of individuals in dealing with ethical dilemmas. Using the interactionist perspective used in sociology looking at the social interactions between individuals, Treviño et al. (2006:953-957) developed a model stating that organisations can predict ethical decisions. Individual factors and situational features influence actions and decisions.

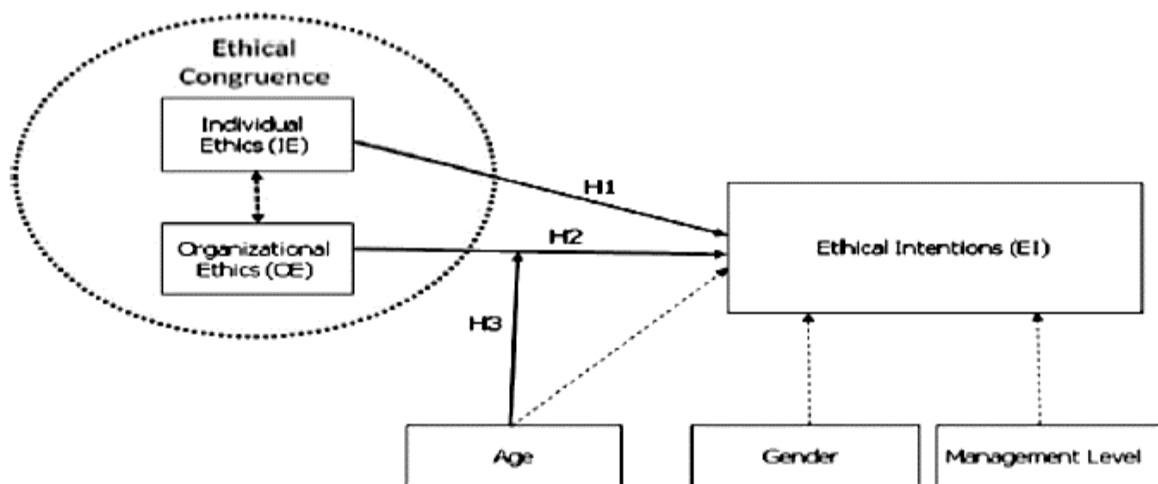


Figure 2.9: Organisational Ethical decision-making Model

Source Treviño, 2006

The dependent variables that direct ethical intentions (EI) of individuals and organisations are the actor's individual ethics (IE) and organisational ethics (OE) as individuals in the workplace experience it. All the actors in this environment experience their situations differently because of their age, gender, and management levels; these differences can be used as control variables. Management levels by design generate seniority status and will have overt or covert influences on subordinates while also empowering individuals to assert their authority over others due to age differences or gender by controlling the decision-making variables. Arrow H1 illustrates the forces directing an individual's ethical intentions (EI) derived from an individual's ethical standards (IE) and value system. IE is derived from and strengthened by individual beliefs, culture and values acquired from one's social milieu and work experiences. Arrow H2 indicates the directional force and influence that OE has on the EI of an organisation. Organisations are responsible for creating, maintaining, and enforcing policies that are blueprints for how and when decisions are made. Organisation ethics (OE) has its roots in IE, societal moral values and legislation that governs business captured as a collective identity in organisational policies. Organisational policies can undermine or underpin individual ethics (IE); the same can be said about OE. Individual characteristics are insufficient to predict moral behaviour or ethical decision-making in organisations, while organisationally embedded belief systems, including culture, will profoundly influence the way employees respond to ethical dilemmas. Younger employees and inexperienced managers tend to be easily persuaded by older experienced employees to act in specific ways, thus compromising their IE. H3 shows how in instances where OE is entrenched, younger employees rarely vacillate on their IE and values or will their EI have any impact or come to fruition. Gender attributes can be used as inducements to influence IE, thus compromising EI resulting in unfavourable decision-making and adversely affecting everyone involved and the organisation.

When organisational policies or codes of ethics are formulated, organisational ethics should form the foundation for moral discernment. All stakeholders within an organisation should strive toward creating an ethical organisation where ethical practices become part of the organisational culture.

2.4 THE INFLUENCE OF ORGANIZATIONAL CULTURE ON POLICIES AND EMPLOYEE ETHICS

Groups that live and work together for long periods develop beliefs that they regard as right and wrong; these norms are shared and become behaviour patterns based on their shared beliefs; these beliefs become habits that are followed routinely, thus forming a culture (Thompson et al. 2014:226). According to Mendoza (2021: online), "organisational culture refers to a system of shared meaning held by members that distinguishes the organisation

from other organisations.” He identifies seven characteristics that capture the essence of what organisational culture is:

Innovation and risk-taking: An organisation's level of tolerance for innovation and risk-taking.

Attention to detail: This involves how employees must deliver to a set standard in what is required of them.

Outcome orientation: The amount of focus that management places on results rather than production processes.

People orientation: The level of focus management has on outcomes rather than the effect that the process may have on employees.

Team orientation: The focus on team achievement rather than on the contributions of individuals.

Aggressiveness: The levels of aggression and competitiveness among employees in the organisation rather than camaraderie.

Stability: Organisations' obsession with maintaining the status quo rather than innovation and growth.

Culture affects choice and how policies are formulated. Organisational culture directly influences employees' policies and ethical practices and how individuals perceive their roles in enhancing the overall performance of the business. According to Jennings and Wattam (1998:120), culture originates in social anthropology and includes knowledge, belief systems, morals, and habits people acquire as members of society. Culture became identifiable in organisations as different organisations could be distinguished by their own distinctive culture, not exclusively by their behaviour but also by the factors that make them successful. How decisions are made became part of the organisational culture.

Organisational culture can be described as “*the dominant values espoused by an organisation*”. Culture is an evolutionary process within organisations that include shared belief and processes that give an organisation a distinct identity. Charles Handy identified varieties of organisational cultures (1985, cited in Jennings and Wattam 1998:121-122) to illustrate how different cultures influence policy and decision-making:

The power culture: This culture originates from those with influence, such as owners and major shareholders. Cultural practices are captured in rules or policies, with decisions made by key individuals using historical information and their own experience as guidelines. This

type of culture is capricious as it is dependent on the moods and perceptions of individuals. Smaller organisations are most susceptible to this kind of culture.

The role culture: This type is identifiable by formal structures, policies and roles that determine processes and responsibility. Roles define what people are assigned to do, usually defined within crucial performance areas in job descriptions. This type of culture is very rigid and found in large organisations with bureaucratic organisations where policies are strictly adhered to. Individual personalities are not considered responsibilities, and accountability is clearly delineated. Such organisations are stable environments but adapting to change, and decision-making can be very slow.

The task culture: This type is found where employees work in teams on projects. Once the projects have been concluded, the team is disbanded. The team is the principal decision-maker and develops their own culture and practices to achieve their goals. This type of culture is found in rapidly changing organisations and businesses that work on various projects simultaneously. Where this kind of culture is found organisations will have policies of a general nature but also understand that the nature of the diverse operational requirements of each project, a team may adopt their process policies.

The person culture: This type of culture is less common but is characterised by individuals regarding themselves as being part of a co-operative. Decisions are taken by the collective, with each member giving input from their experience and understanding. This is evident in small organisations where common goals are pursued. Policies do not generally exist, but individual actions and organisational culture are guided by the relevant laws of the industry in which the organisation operates.

Organisational culture is the normative system in which individuals judge their behaviour measured against their values and the organisation's policies and how it is interpreted by their colleagues and used as a guide for rational decision-making. Culture is defined by Hellriegel et al. (2004:355) as a pattern of shared assumptions where norms and values shape all activities of socialisation that include rites, rituals, language, and ceremonies of a group of people. This interpretation of culture can be associated with commonly acceptable traditions, belief systems, attitudes, and values within organisations. Culture is a set of essential understandings shared by members of a community (Hodge & Anthony, 1991:442). Bachmann (2017:45-46), in referring to Hall (1976,) describes culture as an iceberg noting that most of what happens in organisations is hidden below the surface, with the surface culture expressing that which is visible, such as dress codes, policies, architecture, and what customers observe. He contends that many invisible layers make up corporate culture, including assumptions and collective expectations. Schermerhorn et al. (2008:371-372)

believe that organisational culture dictates when specific actions are appropriate and the status of individuals in the social order. Cultural rules, values and roles form part of the normative controls seen in most organisations that become visible in daily routines.

In understanding the contribution of Stephen Robbins on the different approaches to how to analyse the culture of organisations (1990, cited in Jennings and Wattam 1998:122), we can conclude that the dimensions of culture vary in organisations. He identified ten dimensions:

- i. *Individual initiatives* are supported by the independence an individual must make decisions. An individual can only take the initiative if the organisational culture and policies allow it.
- ii. *Risk tolerance* is the degree of tolerance and innovation policies allow an individual in decision-making. The risk tolerance levels emerge from the risk culture that is within the organisation. *Direction* in operational processes is linked to the objectives and performance expectations set out in policy directives that employees must follow. Operational directives must be clearly articulated in policies to establish a culture of operational processes. *Integration* of work units encourages cooperation, acceptance of policy directives, and establishing a corporate culture to which everyone subscribes.
- iii. *Management contact* with employees facilitates regular and clear communication of expectations by reaffirming operational requirements and embedding policy directives and organisational cultural practices.
- iv. *Control* is established by processes and rules but can only become part of a culture if managers and supervisors follow the policy prescriptions on exercising control over subordinates. *Identity* is the degree to which employees identify with the culture and policy content of the organisation. The adherence to policies develops a culture of compliance among employees that gives the organisation an internal and external identity.
- v. *Reward systems* that are fair and strictly follow the directives of policies result in employees developing a culture where reward is appreciated, and achievement celebrated.
- vi. *Conflict tolerance* is the level to which employees air their grievances and deal with conflict openly. A culture of aggression can result from policies that are not formulated or communicated, while the unambiguous communication of policy content allows for greater tolerance in times of conflict.
- vii. *Communication patterns* that are not regular, restrictive, unclear, or biased can be seen in policy documents that are intent on manipulating or misleading employees will

result in a culture of mistrust existing in an organisation. Nevertheless, again, this is because the shared values in an organisation manifest themselves in the prevailing culture.

Shared values assist in making routine activities practical actions that contribute to the success of an organisation and establish “strong cultures” that advance a common identity and collective commitment in a stable social system, reducing the need for bureaucratic control. The SHRM Foundation (2013) identified three types of workplace ethical cultures (Table 2.4): (1) an ethical, positive workplace culture where employees comply with laws, transcending those laws into values while treating everyone with virtue in the process of creating value for the organisation through individual competencies. Individuals working in ethical, positive workplace culture are managed with trust, knowing that their self-concept is key to fostering an inclusive and facilitating workplace culture, (2) a positive workplace culture has the exact compliance to rules and laws as a virtuous workplace. In such a workplace, employees are treated fairly according to standards that transcend into the ethical values of the organisation, setting a trend that managers could follow, thus encouraging employees to assert and develop a self-concept within a protected environment and (3) a compliant workplace culture strictly conforms to the prescribes of the law and social conventions. As a result, managers respond to change and ad hoc instruction that does not inspire the development of a self-concept.

Table 2.4: Types of workplace cultures Source: SMRM Foundation, 2013:19

Type of workplace Ethical Culture	Compliance is required with ...	Employees are treated fairly according to the standards of...	Management builds motive based trust by ...	Formation of an ethical working self-concept by all employees is ...
Virtuous Positive workplace culture	Law & self-transcending ethical values tied to firm's value-creating competencies	Law & self-transcending values tied to firm's value-creating competencies	Evaluating all managers on trust-building behaviours & attributes	Actively fostered and facilitated
Positive workplace culture	Law & self-transcending ethical values	Law & self-transcending ethical values	Encouraging & supporting all managers to model ethics	Encouraged
Compliant workplace culture	Law & social convention	Culture Law & social convention	Chance & ad hoc interactions	Not activated

Gibson et al. (1991:48) have a collective summary of what culture is, stating that culture includes (1) language, rituals, myths, ideologies and symbols, (2) Organisational scripts

emanating from individual scripts or organisational founders and influential leaders, (3) the product of the organisational history abstracted from behaviour, and (4) a pattern of assumptions developed over time as people adapt or learn to cope with problems encountered for external adaptation as well as internal integration, accepted as vital for the survival of the organisation and passed on to others as the best way to approach problems. Schein (1992:12-13) defines the culture of a group as:

“A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to the new member as the correct way to perceive, think, and feel in relation to these problems. His definition elicits several questions regarding the anticipatory socialised learning or self-socialisation to be part of a culture in a workplace.

In groups where a shared culture does not exist, interaction between existing and new members assists in establishing new cultural practices and ethical values. Culture, therefore, is a mechanism for social control and can be used to manipulate others to act in specific ways explicitly. A three layers model of organisational culture was identified by Schein (1992:17-25), as illustrated in the interpretation in figure 2.10. The Schein's Model of Organisational Culture aims to explain how culture affects organisations. He observed the evolutionary nature of culture as it is always in the process of formation resulting in change affecting every aspect of human functioning.

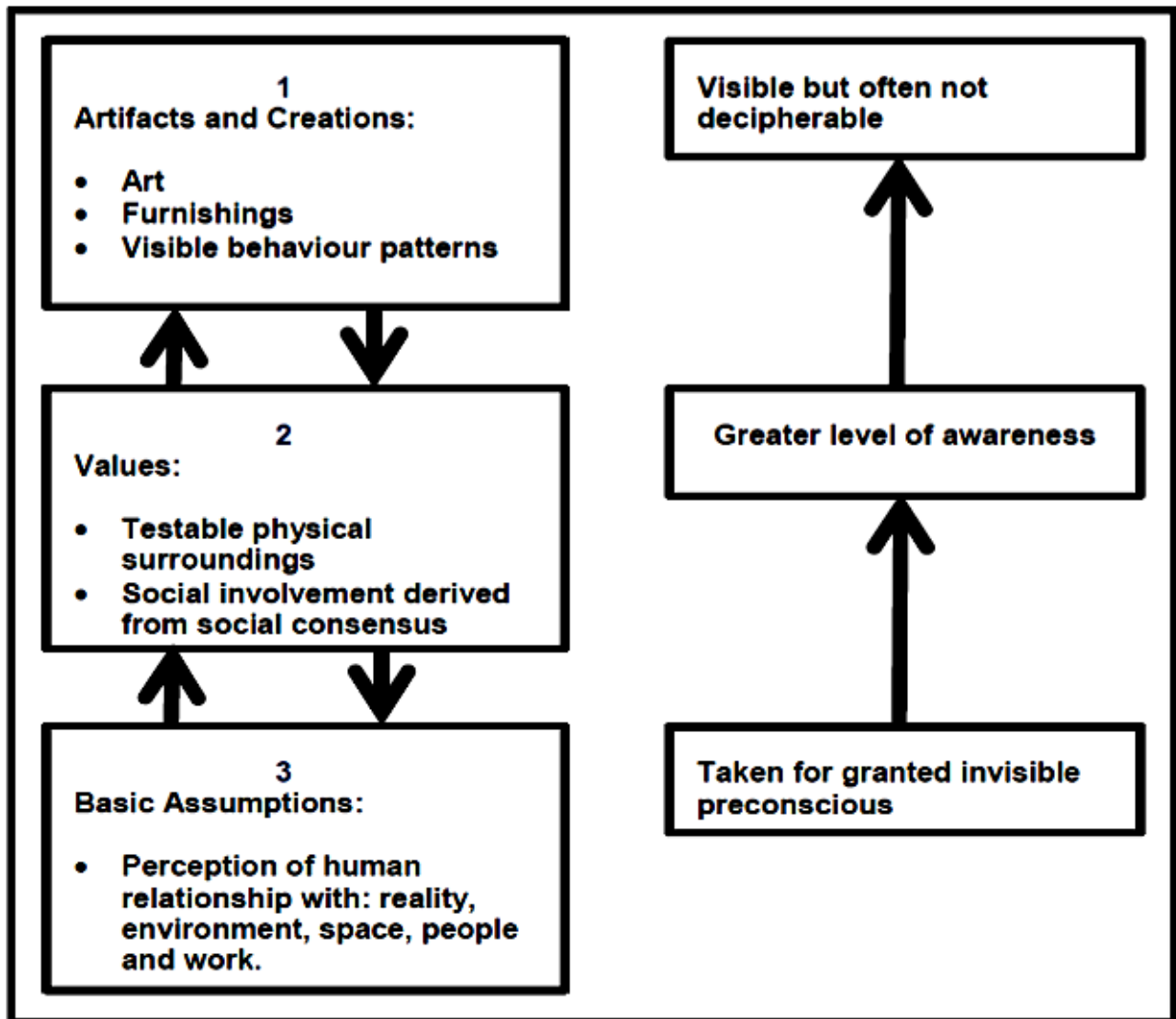


Figure 2.10: Schein's Three-Layer Organisational Model

Source: Adapted from Schein 1992:17-25

Level 1 comprises “*artifacts*” and creations that are observable but not interpretable, such as what is seen, heard, or heard when an individual experiences a new culture in a workspace. This can include structural placements of work screens, wall dividers, pictures, reports, furnishings, and the display of emotion and language. These “*artifacts*” are placed in positions with nobody questioning why they are placed in a certain way but accept them to be meant to be there, inclusive of visible behaviour patterns. The longer an individual is exposed and assimilated into a workspace, the meaning of the “*artifacts*” becomes more apparent and more relevant, and the acceptance of norms, values and policies are accepted as day-to-day operating principles.

Level 2 is associated with values and ideas found to be necessary to some individuals. The business leaders are usually the source of values and beliefs that are either passed onto or forced upon employees as they interact. Developing a value system and adopting a culture derives from learning from other individuals. Transformation in cultural practices and value systems only occurs when others strongly support a value point or practice. When a group has joint action, and everyone observes the outcome, it cannot be assumed that everyone shared the same experience or will now express the same values. Social validation must occur within a shared social experience in a group before a value system is acceptable as the norm. Values and ideas form the consciousness of people and drive desire and want. Values at a conscious level are predictors of behaviour stemming from individuals' "artifacts" exposure and experience. This can include the testable physical surroundings and the social interaction from which consensus is reached. Where values are congruent with assumptions, these values are then articulated into a philosophy of operation expressed in the prevailing ethics of the organisation. When values become embodied in the ideology or philosophy of an organisation, such values form the culture that becomes a guide when dealing with uncertainty and difficult situations. To fully understand an organisation's culture, the behaviour patterns must be deciphered to allow for assumption for value assessment among the workforce.

Level 3 involves the fundamental assumptions made by individuals that underpin their behaviour. When solutions have a positive outcome according to group desires to the extent that it becomes routine and repeated within an operational structure, it is assumed that a structured approach will lead to the same behaviour or outcome. Assumptions are the foundations of thought and perceptions that influence human relationships with others, work, space, the environment, and reality that influence goal setting. Basic assumptions become "theories-in-use". Basic assumptions are seldom confronted or questioned and become difficult to change. Cultural practices and value systems that become basic assumptions for behaviour define the organisation's operations; even if the reality is different, the practice will become the absolute rule of conduct. When assumptions are only expressed in behaviour by an individual, such assumptions will be changed as the person detects that he is the only one holding such views. Collective assumptions form the DNA of organisational culture and ethics that influence how recruits are selected according to the prevailing value systems. Where basic assumptions are firmly held within groups, any deviation from an established cultural or value practice will be considered inconceivable by any workforce. People thrive on mental stability, any change in basic assumptions will result in anxiety with defensive responses. Not recognising the psychological, cognitive defence mechanisms that people and organisations have about assumptions in their corporate culture and value systems will seriously challenge work environments for those confronting the status quo. Flamholtz and Randle (2011:4-6)

describe corporate culture as an invisible asset or liability and emphasise that corporate culture implicitly influences an organisation's overall performance. The significance of corporate culture is recognised by what corporate culture is, why it is essential, how it manifests itself within a business and how it is managed are essential questions that need to be answered by managers before they attempt to establish a culture within the workplace by senior management.

The preoccupation with the corporate culture by most businesses is because of social disintegration and cultural fragmentation in organisations that erode morality, respect for authority and the general non-compliance to rules and regulations affecting the work morale of people (Alvesson and Berg. 1992:39). In their definition of the cultural phenomena in organisations, Alvesson and Berg (1992:76) see culture firstly as stabilising-regulatory and secondly as cultivating, "evolutionary" As the stabilising-regulatory phenomena, they understand it to be evolutionary being the main driving force behind development, that brings order and control to the organisation through regulation. Secondly, where culture is evolutionary, it cultivates social development over time. Culture is the "social glue" in an organisation that binds people to shared values and priorities. Notwithstanding its size, every organisation has a culture formed over a period, influenced by its history and experiences that guide how they deal with customers, its level of service delivery, and overall performance. Organisational culture is captured in the company vision and mission statement and how they conduct business. The company's cultural identity is expressed in its icons, artwork, logos, and symbols, giving an organisation identity.

The origins of corporate culture are identified by Analoui and Karami (2003:211) as statements of organisational philosophy, organisational structure, design of physical space, role modelling, explicit rewards, internal legends, and leadership reaction to crises. Companies with a strong culture can be identified by how the employees articulate the organisation's vision in their interaction with fellow employees, clients, and other stakeholders. Having a solid culture can have a constructive and destructive impact on a business. The constructive impact of a strong culture can be recognised where there is support for the business's objectives, values, and policies. The destructive impact of a strong culture can be observed when the organisation becomes dysfunctional due to the pessimistic assumption that the liberties provided by the policies allow total freedom of expression or discretion. A weak culture is evident by the difficulty employees have at defining or understanding the organisational vision or where a workforce is left to their interpretation of the company's value systems and policies. Organisational culture can be positive when it contributes to productivity improvements or damaging when it is disruptive, hinders progressive behaviour and reduces the organisation's effectiveness (Gibson et al. 1991:10). Countercultures are groups within organisations in

which the patterns of values overtly reject the values of the larger organisation. Most organisations import subcultures when they employ individuals from outside the organisation or merge. Employees and managers from different organisations that merge may hold inconsistent assumptions and ethical values, resulting in corporate cultural clashes (Schermerhorn et al. 2008:367). Subcultures and countercultures can also form when individuals share the same philosophies, religion, ethics, or ethnic background. Hodge and Anthony (1991:447) introduce the concepts of “*Thick and Thin*” cultures and “cultural manifestations” to describe the influences that hold an organisation together. Organisations are considered “thick” when their acceptance and adoption are widespread in a given population. A thick culture holds an organisation together and can be achieved by instituting employee orientation programs. These orientation programs can also be seen as indoctrination opportunities. In “thin” cultures, the content of what makes up the culture is peripheral; this can result from different units within the company not identifying with the same culture, such as having different corporate clothing. Thin cultures do not display a common identity. Thick cultures translate energy into productive behaviour to minimise internal politics and ambiguity.

Cultural manifestations are established in organisations that become institutionalised as rituals that take place regularly to the point where it becomes established practices known and appreciated only by members. These practices bring employees together in a common identity and value system expressed in their response to ethics and the influence on policy content. A number of these cultural manifestations include (1) Ceremonies and rituals that are generally formal and form part of an organisation's formal and informal practices accepted by employees as fraternal and initiation rites. These ceremonies and rituals hold and manifest the values and beliefs of employees, providing a sense of community and stability, (2) Symbols and slogans are used in organisations so that they can be easily identified, their brand is respected, and their products be the products of choice. Logos is a public expression of organisational beliefs and a public display of the shared culture expressed in policies, (3) Language is expressed in a communal vocabulary and jargon. Language is expressed in policies that direct communication in emails, publications, and verbal discussions, and (4) myths and stories about the organisation are passed down from generation to generation and influence thinking, processes, belief, and practices that find their way into policy content.

According to Bachmann (2017:148-149), the framing of local corporate culture is dependent on role modelling that is reliant on the personalities of those who lead the organisation. Weak management will impact and have repercussions on the organisation's artistic direction. Weak leadership will perpetuate any dysfunction and unethical behaviour. Management that ignores the levels that influence the prevailing culture does so at their peril, as the consequences may

lead to establishing a culture that will break down any progressive initiatives. Good leadership is a decisive factor when developing an ethical climate. Leaders must be aware of the ethical climate, the structures that form it and how it affects the culture and governance of the organisation. According to Ferrell et al. (2015:316-318), ethical leadership is the foundational requirement that impacts an organisation's market value.

Organisational culture can emerge in the absence of effective leadership even though ethical dimensions are dependent on the influence leaders have on the culture. For example, when leaders display no interest or are indifferent to misconduct, a culture of abuse and tardiness will prevail with employees taking risks and cutting corners. Ethical leaders recognise that the culture in the organisation will affect the conduct of employees and impact their performance; therefore, they will promote a culture that entrenches good ethical practices and compliance with policies. The leadership sets the tone for an ethical culture by their attitudes, values, and example. Ethical leaders have either a compliance approach or integrity-based approach to transferring an ethical culture into their organisation and interpreting policies.

The compliance-based approach adopts compliance with rules, values and processes used to discourage illegal conduct, stressing an avoidance culture. In organisations where a compliance-based culture is adopted, risk managers or compliance officers are appointed to enforce and protect a culture where ethics is entrenched. In organisations where an integrity-based approach is used to accomplish an ethical culture, ethics is used to entrench core values where employees are held accountable for their behaviour. Organisations that use the integrity-based approach to develop an ethical culture employ human resources managers, employees, and board members with integrity that will develop an ethical culture and compliance policies. The integrity-based approach empowers employees, assisting them in integrating ethical values into the policies and cultural practices of the organisation. Having an approach to establishing ethical, cultural practices assist in identifying questionable behaviour and unethical practices that threaten a culture that seeks to foster excellence and success within the organisation. The culture and practices of leaders can normalise unethical behaviour and non-compliance with policies. Where a negative culture is established, the organisational strategy suffers as quality diminishes and trust erodes with the workforce operating in an environment of uncertainty. The deterioration in culture is reflected in customer feedback. Continued negative customer feedback is also an indication of weak organisational culture.

Organisational culture has a boundary-defining role (Robbins, 2003:233) because employees will identify their roles and responsibilities and act in accordance with what is expected from them, therefore contributing to a stable environment. Robbins (2005:491) contends that culture has been viewed in a non-judgmental manner as it was never judged to be good or bad but only that it is suitable for organisations and individuals. He notes that culture enhances

consistency in the behaviour of individuals and improves organisational commitment, but also highlights some dysfunctional aspects of culture, such as:

Culture as a barrier to change: Culture can be a liability when the values shared among employees are not in congruence with decisions that will advance the organisation's objectives. In instances where rapid change is required due to environmental changes and the entrenched organisational culture may be very deeply embedded in the organisation's value system and operational processes to the extent that the prevailing culture is no longer relevant. Consistency in culture can be an asset and liability as organisations may take a long time to respond to change.

Culture as a barrier to diversity: Culture can also be viewed as discriminatory when culture is used as a barrier to diversify in terms of race, age, gender, or disability. Cultures that strongly enforce compliance to the status quo and reinforce organisational bias.

Culture as a barrier to acquisitions and mergers: Businesses' cultural compatibilities influence the acquisitions and mergers.

Mendoza (2021: online) notes that a differentiation can be made between a solid and weak organisational culture. Strong cultures are evident in organisations where employees agree on the organisation's vision and values. These values are shared between employees and firmly held. In a strong culture, there is a more significant influence on colleagues' behaviour. In organisations where values differ much, such an organisation is considered to have a weak culture. Strong cultures result in predictable behaviour among employees. Culture, therefore, has a defining boundary role and conveys a common identity that facilitates commitment that enhances stability. Culture thus becomes a control mechanism that guides attitudes and behaviour. Situations where formal authority erodes a shared culture, will guide the employees on the right path.

Kreitner et al. (1999:62) mention that a shift had taken place from merely looking at the effect organisational culture has on the organisation to the impact that organisational culture has on the individual. Van Vianen (2000:116) expands on this in his studies on person-organisation fit by stating that newcomers' commitment to the workplace will decrease and staff turnover increase when there is no organisational culture fit and the cultural expectations of newcomers are not met by the organisation or peers. The issue around organisational-cultural fit becomes a challenge for a business when the individual ethics need modification to fit into the organisation's culture because it is the individual's ethics that form the foundation for an ethical organisation and not the organisational culture that defines the individual ethics. For example, when ethical decisions are made in the financial services industry, individual morality and trust are the key factors in ethical behaviour.

2.5 BEHAVIOURAL INFLUENCES ON POLICY INTERPRETATION FOR INDIVIDUAL ETHICAL DECISION-MAKING

The behaviour of individuals is dependent on personal morality and ethics that are influenced by institutional policies. Gibson et al. (1991:580-584) acknowledge that behavioural factors influence decision-making. He identifies values, personality, propensity for risk and potential for dissonance as the main factors influencing individual behaviour. Values are acquired early in the development of an individual and form the foundation of a person's thoughts when confronted with a situation in which decisions are to be made.

Conscious and subconscious psychological forces are reflected in the personality of individuals. Personality is strongly reflected in choice when making decisions. The personality of office administrators differs due to the personality variables such as beliefs, individual attitudes, and needs. Situational variables change from time to time, making it necessary for administrators to adapt their decisions to meet the demands of prevailing situations they face at a particular moment. Interactional variables resulting from the administrator's interaction with the environment, peers, supervisors, and clients at a specific moment affect the personality, resulting in varied responses for each interaction. Not all administrators will make the same decisions under the same circumstances even if a policy is available, as not everyone will experience a moment, interaction, or situation in the same way. Policies are the authoritative exposition of the organisation's strategic intent that gives direction to implementing the organisational objectives. Policies are formulated to minimise risk in organisations. The propensity to take risks differs significantly between individuals when making decisions. Risk propensity affects how administrators will judge alternative situations or the intent of policy directives. A risk-averse administrator will always adhere to the content and directives of policies and stick to the organisational processes. Individuals who are not risk-averse will take chances and find ways to interpret policies to meet their requirements, thus placing the organisation at risk and placing their employment in jeopardy and clients' financial security in peril. Risk-taking is an essential factor in organisational strategy for growth, but a balance must be kept on the exposure of the risk to the organisation. Administrator behavioural risk can place the organisation's stability in jeopardy. At-risk behaviour by administrators must be curtailed by policies so that:

- i. Warning signals of possible risks be highlighted in policy directives.
- ii. The inaction of the implementation of policy directives is easily identified.
- iii. Inconsistency in decision-making due to policy interpretation is effectively remedied.
- iv. Administrator awareness of personal behaviour in conflict with policies increased.

Cognitive dissonance occurs when administrators experience doubt or conflict between their beliefs and policy requirements. Cognitive dissonance can be avoided if administrators strictly follow policies or seek assistance from superiors to assist in decision making. Individual behaviour directly impacts the relationship administrators have with other stakeholders and how this relationship is managed.

Individual behaviour and ethical decision-making depend on the security of an internal system. Consistent decision-making among administrators can only result from a structured environment in which information is gathered, analysed, and interpreted to give relevance to the value the information has for the organisation and how information is processed.

2.6 ETHICAL INFORMATION PROCESSING FROM POLICIES FOR DECISION-MAKING

Organisations would face severe risks if the information used in decision-making is not valid, open to interpretation and readily available to parties who do not have authority to access information. Information used to formulate policies must be reliable to facilitate ethical decision-making. Strategic decisions made without complete reliance on trustworthy information will lead to the demise of the organisation's reputation. Robinson (2006) observes that decisions are best made when considering alternatives are limited. Individuals do not have the time to consider all alternatives; searching for alternatives can be very costly because administrative processes cannot absorb the cost of extended searches. Where small amounts of information are available, each alternative will be subject to scrutiny and consideration as administrators only consider a few related values at a time. Considering many values simultaneously implicates decision-making and compromises policy directives. Hodge and Anthony (1991:144-152) state that for information to be valuable for an organisation, it must comply with six primary characteristics: *“relevance, quality, quantity, timeliness, accessibility and symbolism.”*

The *relevance* of information is dependent on the quality of information that must be appropriate to the subject or persons it wants to address and connected to the value that the organisation intends to extract from it. A key challenge facing organisations is deciding what information is relevant and to whom it is relevant. The environment in which and for which a decision is made is the determinant of the relevance of the information. Systems must be in place within the structure for information management processes to check the relevance of information. The *quality* of information deals with the accuracy and reliability of the information rate has a higher quality, and the administrators will be able to use it with greater confidence to make decisions. The policy formulation process must include “information filters” when information is acquired to exclude false and misleading information. Failing to include relevant

or exclude irrelevant information will doubt the quality of information leading to administrators making decisions that can place the organisation and its clients at risk. The deliberate manipulation of information to meet individual objectives affects information quality. The *quantity* of information is questionable as “enough information” is difficult to define. Too little information can result in inaccurate and misleading decisions; too much information can lead to information overload, confusion, and a lack of interest in the information being ignored. The prevailing tendency is to provide too much information, of which most is irrelevant. Information will never be complete or perfect. Information users can be rational and ethical in their decision-making regarding the quality of the information.

The *timeliness* of information is vital as the value and relevance of information can increase or deteriorate. The key to information timeliness is linked to relevance and quality when the information is required. Results obtained from the application must always be considered when information is used or disseminated. The opportunity cost of using inappropriate information at the wrong time can affect the organisation's future relevant information is vital for the strategic policy formulation. Information *accessibility* for decision making allows for informed ethical decisions being made. Quality information that is relevant in the correct quantity and made available in a timely way must be accessible to all decision-makers to be empowered to select information of high value to aid their ethical decision making. Information used in organisations is often incomplete, outdated, and subject to interpretation; therefore, decision-maker sources reliable and trustworthy information when policy content is discussed and decided on.

The *symbolic value* of information confers status upon the person who has access to information. The level of the employment positions an individual who provides different accessibility exposure to information according to the sensitivity and security apportioned upon

Johnson (2007:73-78) uses Kidder's (1995) checkpoints to guide the confusion of ethical information processing for decision making. Where such information is available, ethical dilemmas exist, or moral issues prevail.

Checkpoint 1: It must be recognised that a moral issue may exist to identify genuine ethical issues. In identifying the moral issues, personal perceptions and cultural practices will be ignored and not directly influence the decisions to be made.

Checkpoint 2: In determining the role of the actors, decision-makers will be able to have clarity on whether they are only involved or if they have a responsibility to deal with the problem. Responsibility gives accountability to the actors. Actors who are just involved have no responsibility and may just be subjected to the problem.

Checkpoint 3: Actors with responsibility must gather all the facts of the decision dilemma. They must consider the motives, behaviour patterns, impact of the problem and possible outcomes.

Checkpoint 4: Responsible actors check for right-vs.-wrong issues. In the policy interpretation, the considerations of the “*legal test*” of actions must be considered to test whether the decision will comply with moral values and legal requirements. The “*stench test*” is a personal test that relies on intuition where gut feeling may alert the actors to possible questionable value issues of unease. The next consideration is the “*front-page test*”, where the actor considers the consequences of his/her decision going public on the front page of a newspaper. The question here is whether any such publication will make the actor uncomfortable. If any distress is created by such publication, consideration must be given to other options for the decision. The last consideration for right-vs.-wrong is the “*mom test*,” where the actor considers their mom’s possible reaction to their choice.

Checkpoint 5: The right-vs.-right consideration. This point checks the best solution from several “right” possibilities to pit all possible values that are positive against each other to get the best solution that may best meet the requirement set out by policies. This checkpoint considers “*justice vs mercy*” as decisions may be justifiable as they may meet the standards of policies, or it could be a situation where emotion plays a role, and the decision becomes an act of mercy. Both considerations may be justified by policy interpretation, and the decision must take cognisance of the “*short terms. long term*” consequences to the organisation and other parties involved. The consideration of consequences tests *truth vs loyalty*” as actors have a responsibility to be loyal to the organisation in the execution of policies and be truthful in their actions and interactions with clients.

Checkpoint 6: the decision is applied having made a decision that satisfies personal values and organisational policies.

Checkpoint 7: In situations where a decision could be derived from a dilemma, the actors could resolve the dilemma by investigating the “*trilemma*” option” where an alternative resolution to the dilemma is sought. In the financial services industry, administrators may not want to bridge policy directives or compromise their value systems in will opt to provide other products to clients or recommend other solutions to their dilemmas.

Checkpoint 8: After an exhaustive process, the actors will decide.

Checkpoint 9: The actors must reflect and revisit their decisions to determine the lessons learned. Lessons learned to assist in future policy considerations and inform the ethical value system of the organisation and individual.

Senior managers may have more access to information than lower-level employees to interpret policy content and decision-making. However, not everyone is in the same “information loop” as information is only available to designated functional or operational groups. The information must be used in an ethical way to manage all stakeholders.

2.7 ETHICAL STAKEHOLDER MANAGEMENT BY ADMINISTRATORS

Administrators are challenged to manage the ethics of stakeholders to respond to their corporate social responsibility while meeting the economic need of profit in their organisation by complying with the legal framework that governs them and being ethically responsive to the values enshrined in their organisational vision and mission. Conflicting backgrounds and interests of stakeholders make it very difficult to manage the ethics of everyone if an organisation has employers, employees, clients, and suppliers with conflicting value systems. Bachmann (2017:21-23) mentions that business ethics deal with business responsiveness to act responsibly to the concerns of stakeholders, if they react at all, how proactively they do it and how they best communicate with all stakeholders.

Stakeholder management has taken priority as business assumes this to be their main primary objective as they work toward fostering good client relations. This has led to short-term thinking violating their founding objective of making a profit and remaining sustainable. In debating the purpose of a firm, De Wit and Meyer (2014:7) asks, “*Should managers strive to maximise shareholder value or stakeholder value?*” Relentless pressure has been placed on business by businesses to act responsibly to be accountable for their actions. All shareholders are stakeholders, but not all stakeholders are shareholders; therefore, administrators must understand the difference to give value to stakeholders. Table 2.5 clarifies the value perspectives of shareholders and stakeholders.

Table 2.5: Shareholder versus stakeholder values (Source: Adapted from De Wit and Meyer, 2014:71)

	Shareholder value perspective	Stakeholder value perspective
• Emphasis on:	Profitability over responsibility.	Responsibility over profitability.
• Organization seen as:	An instrument of profit	A joint venture.
• Organizational purpose:	To serve the owner.	To serve all parties involved.
• Measure of success:	Dividends, shareholder value and share price.	Satisfaction among stakeholders
• Major difficulty:	Getting agents to pursue principal's interests.	Balancing interests of various stakeholders.
• Corporate governance through:	Independent outside directors with shares.	Stakeholder representation.
• Social responsibility:	Individual not organizational matter.	Both individual and organizational.
• Society best served by:	Pursuing self-interest (economic efficiency)	Pursuing joint interests (economic symbiosis)

Stakeholders are often seen as shareholders. However, the stakeholder can also be shareholders and include customers, employees, legislators, distributors, and suppliers. The relationships with stakeholders can be very complex, and collaboration between them is somewhat impossible. Stakeholder theory was first used in strategic management. However, it became a theory used in business ethics as managers had to manage the business for the long-term benefit of all because stakeholders take risks, contribute to the success and failure of the organisation, and must therefore get some benefit from the business (Greenwood and Anderson, 2009:187).

Effective management of stakeholders requires trust, shared values, and an acceptance of an organisation's ethical objectives and approach. Where shareholders have been accepted as the main stakeholders, the organisation's aim will gravitate towards maximising profit and protecting the shareholder interest above the interests of the other stakeholders. This approach creates ethical dilemmas as the organisation's long-term interests are often overlooked as policies and governance practices are frequently amended to meet the short-term desire for profit, thus neglecting ethical management and responsibility toward other stakeholders. Businesses are no longer only viewed as profit-making entities but as moral agents responsible for their conduct toward their stakeholders as morals are required to comply with regulations and laws. Businesses will be held accountable if they act in an

inconsistent manner re the law. As moral compasses, companies have a social responsibility to contribute to the ethical conduct of all stakeholders (Ferrell et al., 2015:26).

Freeman (1999:234) noted that stakeholder is “an obvious literary device meant to call into question the emphasis on stockholders” Business ethics require balancing of interests of all stakeholders driven by giving legitimacy to each relationship and responding equally to the needs of everyone. A balanced approach to ethical stakeholder management can result in better financial and operational performance. Stakeholders must all be free to determine the business’s strategic objectives. Stakeholders, particularly those working or managing within the organisation, have a fiduciary responsibility to ensure that the consequences of their deeds add to the upholding of the ethical values of the business.

The logic of stakeholder arguments must lead to an improvement in corporate governance. Stakeholder perspectives provide meaningful direction *to* and are a framework *for* strategic decision-making. Clarkson (1998:73) agrees that when managers embrace the thinking and logic of stakeholders, they will be able to integrate a collective ethic into their business practices more effectively. Stakeholders must be seen as “names and faces” with whom business leaders can communicate, transact, and interact. When stakeholders are recognised as legitimate partners with power and influence in the business, then only can an organisation embark on establishing an ethical framework that will be conducive to practical and effective decision-making.

Stakeholder information essential to administrators for the effective management and implementation of ethical business processes and relationships with stakeholders include: (1) Who are their stakeholders? (2) What stake does each stakeholder have in the business? (3) What challenges or opportunities does each stakeholder provide? (4) What obligations does the organisation have toward each stakeholder? (5) How must the business respond to the needs of each stakeholder? The most successful way to respond to the above questions is to act in a way that gives expression to the goals and objectives of the organisation in an ethical way that brings value to all stakeholders. Administrators must always assist stakeholders in understanding that there is not only one correct solution to an ethical dilemma. They must assist stakeholders in distinguishing the values at stake; while they select alternatives to maximise their values by selecting the best option (Guy, 1990:19). While striving to satisfy the needs of other stakeholders, administrators should not neglect their role as stakeholders.

2.8 ADMINISTRATORS AS STAKEHOLDERS

Administrators bridge the gap between the organisation and external stakeholders and must forge meaningful relationships with customers, suppliers, and government agencies, but they are often overlooked as shareholders themselves. Administrators are crucial ethical

stakeholders in an organisation as they are responsible for maintaining the ethical culture that underpins the financial and operational performance of the organisation. Greenwood and Anderson (2009:186) observe that “few stakeholders are as vital in a business as its workers”. Administrators are affected by the failure and success of the business. They invest their time, expertise, and skills into the business. Administrators have a different relationship in the business than other stakeholders. Administrators are responsible for maintaining the legitimacy of the organisation by their actions. Administrators firstly regard themselves as employees. Employees will always have concerns resulting from their relationship with management, clients, and colleagues. Brunton et al. (2017:32) assert that employee behaviours matter as their behaviour affects the relationships organisations have with the external community as the behaviour may attract external loyalty resulting in increased revenue and reduced risk for the business. Well-designed social responsibility initiatives captured in policies will attract more loyal and motivated staff, impacting how others view the organisation. Internal stakeholder employees must translate the culture and identity into ethical behaviour that will enhance the image and reputation of the organisation. Organisations must never neglect their responsibility to internal stakeholders because if tension exists between management and employee stakeholders, this tension is transferred to external stakeholders. The practical, ethical delivery of strategic organisational initiatives by responsive employees are dependent on the successful management of the employee as a stakeholder. Administrators face a barrage of compliance requirements resulting from employment contracts, policies, value systems, the predominant corporate culture, and in-house ethical practices. The rhetoric created by policies and codes of ethical conduct has questionable value for many employees as it is often written with the protection of the objectives of management in mind. Labelling employees as stakeholders serve organisational interest more than what it serves employees.

The dehumanisation of employees in the pursuit of profit overlooks the actual value of employees’ contributions. Administrators often face choleric superiors that harass them into conformance and compliance through cynicism and blackmail. The assumption that administrators are a homogeneous group is without merit as employees are individuals with differing perceptions and interpretations of policies and may also have conflicting ethical viewpoints. Administrators have shared interests but may not share the same values. Consultation with administrators is essential to address employee needs and entrench common values so that institutional values can be affirmed, divergent interests can be marginalised, and everyday interests pursued (Greenwood and Anderson, 2009:192-193). In considering the stakeholder relationship, Greenwood and Anderson (2009:194) mention the following dynamics that establish this shareholder relationship; (1) the joint law agreement

captured within a contract of employment that requires the employee to act in favour of the employer. This employment arrangement is inherently hierarchical, consequently resulting in a relationship of unequal power, (2) continued membership to this constituency of stakeholders is dependent on continued employment in the organisation. Other employees often ostracise employees if they act in a way that other employees perceive as contrary to the organisation's interests. Administrators are often forced to forfeit their interests as stakeholders to uphold the organisation's interests.

The differentiation between administrators as stakeholders and other stakeholders is that the organisation has created the role of administrators, and the continuance of this role is dependent on the organisation continuing to offer this role in an employment agreement. Administrator stakeholder categories are flexible as they are dependent on the hierarchical position into which employees are moved as the workplace adapts to changing needs. Administrators change the roles they occupy during the evolution of the organisation and the development of the individual. Values are not stable. If values were stable, society would not develop as values adapt to the organisation's needs.

The vacillation of administrator expression and application of values and ethics is influenced by the closeness of employees to an employer and fellow employees. The closer an individual is to the management level, the more management's interest will be catered for concerning responsiveness to the organisation's needs and to please the desires of superiors within accountability. The departure of individuals from Employee groups may undermine the stakeholder interests of the group as the group may feel vulnerable as their interests may not be taken seriously. It may also be that persons leaving a group could have been the bastions of the ethics expressed by the group, resulting in the weakening or strengthening of the level of ethics held by the group. Maintaining a stable foundation of ethics amongst employees as stakeholders will require that a particular standard of individual ethics be achieved in staff employment. It is complicated to judge the value systems and ethics of individuals in an interview; therefore, most businesses use psychometric testing to gauge the propensity that individuals may have to uphold the ethical values of the organisation or the levels of honesty of the individual. Greater responsibility is placed upon administrators working as stakeholders in the financial services environment. They are the public representation of the organisation.

Administrators in the financial services industry are required to work with the organisation's resources while protecting the confidentiality of other stakeholders in meeting income targets through the adherence to company policies and applying an acceptable ethical standard to engender trust among all stakeholders. Van Wart (1998:4) contends that "it is the responsibility of administrators not only to be able to understand the values implicit in their important decisions, but to be able to articulate those values clearly for others in the organisation –

especially subordinates, clients, and legitimate overseers outside the organisation". As stakeholders, administrators have an individual and group responsibility to the organisation and should understand that their decisions and personal or group interpretation of policies can lead to the improvement or demise of the business.

2.9 INDIVIDUAL AND GROUP RATIONALITY AND BIAS IN POLICY DECISION-MAKING

Policy decision-making is a fundamental process in all organisations. In most instances, decisions are made on communication disseminated through the organisational structure. Policy decisions are regarded to address an organisation's problem or process. The decision-making process may be influenced by internal historical factors such as the organisational structure, culture, values, and personality clashes. Carbone et al. (2019:88-89) studied individual and group decision-making using a consumption/savings experiment to find a rationale for the choice difference between two decision units, individuals, and groups. They utilised two decision environments, namely risk and ambiguity (uncertainty) for both individuals and groups, using a stochastic inter-temporal problem for ambiguity allocation to simulate a variable process with randomised outcomes. The groups comprised two members, and decisions were made after some deliberation. The introduction of ambiguity significantly impacted how individuals and groups responded to the problem imposed on them. They observed that individuals responded better in decision-making when facing risk than groups did, while groups performed better under ambiguity.

Furthermore, they found that individuals are more cautious under situations of ambiguity. Their experiment concludes that individuals are more astute in policy decision-making when at risk, thus opting for self-preservation. Group decision-making has a better result when clarity is sought in situations of uncertainty.

According to Gibson et al. (1991:585), the debate around the effectiveness of individual and group decision-making has been going on for some time. The contention is that group decision-making takes time, but the benefit of bringing specialists together with varied viewpoints can result in better decisions. Where five or more participants engage in decision-making, the outcomes are superior to when individuals make decisions. Group open discussions are often negatively influenced by pressure on members to conform by dominant participants in the group. Status incongruity results in lower-ranking individuals being inhibited by higher ranking participants. Individuals with superior qualifications or ranks in the workspace can dominate discussions as others assume they have more excellent knowledge or experience to decide on issues.

Different decisions are made in ethical situations that are similar among people (Ferrell et al. 2015:169-171, citing Kohlberg, 1969). Six stages affecting decision making in similar ethical situations are identified from Kohlberg's model of cognitive moral development:

1. *The stage of punishment and obedience:* In this stage, the "right decision" is seen as total obedience to authority, law, and rules. Decisions are made in compliance with rules so that "good and bad" can be assessed and approved by those who have authority and power over the decision-maker. "Good and bad" has nothing to do with the cognitive ability of the decision-maker to make a choice but instead with the power a person in authority has over the decision-maker. The decision has nothing to do with the ethics of the person involved or the ethical situation facing the individual but is a response to obedience to rules and the fear of punishment.
2. *The stage of individual instrumental purpose and exchange:* In this stage, the "right decision" is defined as that which serves the needs of the decision-makers. No moral decisions are made based on rules or to satisfy any authority but instead on what the individual is to gain from the situation regardless of loyalty to the organisation or administrative justice. An example of this is where an administrator receives a gift from a client for work done for the company and does not declare it as the assumption is that the gift is earned.
3. *The stage of mutual interpersonal expectations, relationships, and conformity:* In this stage, the interests of other stakeholders are considered when decisions are made, while ethical motivation is derived from compliance with rules. The ethical motive is fairness and justice. Finally, long term relationships are built that advances the interests of all concerned.
4. *The stage of social system and conscience maintenance:* In this stage, the duty to society is considered the motive for ethical decision-making. Respect for authority and not fear of authority informs the choice to maintain social order.
5. *The stage of prior rights, social contract, or utility:* In this stage, consideration is given to the upholding of fundamental rights, values, and legal obligations with society. Administrators recognise that they have a social contract with society and must thus uphold the values and ethics to provide utility for everyone.
6. *The stage of universal ethical principles:* In this stage, the administrator understands that in acting ethically, a universal principle subscribed to by everyone is being followed. Justice and equity are aspired to as it is an inalienable right that everybody is treated equitably as a part of the universal nature of how things are to be done. The person relies on the social and ethical guidelines captured in policies.

Gibson (1991:588-590) suggests several techniques that can be used to stimulate group decision-making: (1) Brainstorming encourages discussion and facilitate creative input from all group members within a structured environment. During the brainstorming process, no idea is considered ridiculous, and no idea is criticised. This technique is considered less effective as ideas are not ranked as the process is to generate possible solutions but not to find conclusive solutions. (2) The Delphi technique involves soliciting anonymous judgements on an issue using sequential questionnaires that give feedback on previous opinions. The Delphi technique allows for independent judgment not allowed during the face-to-face interchange. Consensus is reached after numerous anonymous judgements. (3) The Nominal group technique (NGT) that is gaining acceptance for decision-making in education, industry, social service, and government organisations is used to promote creativity when individuals are brought together in a structured environment. The Nominal group technique allows for very little verbal communication between group members. Participants are allowed to write their answers on paper, after which structured sharing is permitted with someone taking notes. The first phase is collecting notes, with the second phase involving structured discussion, after which a vote is taken for each suggestion. The group decision is determined by each vote's mathematically pooled popular outcome.

Decision-making is fundamental to the operations of any organisation. The quality of policy decision-making is dependent on the quality of participation of all stakeholders. Policy decisions address problems within an organisation, therefor the participation and technique used in the decision-making process will affect the outcome and implementation of the policies. Policy decision-making is a multiphase process that requires structured facilitating and formulation processes that should be rational. Griffin et al. (2019:299) observe that perspectives of rational decision-making have been discussed for many decades, with a current shift to a new focus on utilising the most accurate information and data for decision-making called evidence-based management (EBM) being introduced in the business. The use of EBM emphasises the use of hard facts and the encouragement of people to aspire to tell the truth, no matter how unpleasant it may be. EBM is built around "fact-based" decision-making where risks and drawbacks are considered to avoid bias or untested personal beliefs. Schermerhorn et al. (2008:303) refer to the historical emphasis on the classical decision-making model where managers act with complete certainty and behavioural decision-making where their bounded rationality has no limitations, their suggestions and actions are always correct based on their perceptions of a given situation, thus inferring that administrators who make behavioural decisions have bounded rationality with cognitive limitations.

DuBrin (2007:93-98) defines bounded rationality as the "finite mental ability" of people that, combined with external influences, renders them incapable of making rational decisions

because they have very little control over their environment. These restrictions are caused by time and resources they have no control over. Bounded rationality confines people to make “satisfying” decisions or provide standards that meet minimum requirements. These decisions are usually acceptable and adequate, but the acceptance of the first acceptable decision leads to postponing a genuine decision that will genuinely give direction or a solution to a problem. Figure 2.11 illustrates the decision-making influences that contribute to bounded rationality. Decision-makers tend to ignore analytical methodologies and follow no logical process when making decisions and would rather depend on hunches and intuition based on experience, history, or feelings. Decision-making dependent on intuition makes no allowance for information interrogation and opens the organisation to many risks. Individuals and groups are limited by personality and cognitive intelligence, which impact practical decision-making in policy formulation. Some individuals are risk-averse, while others have no problem taking risks. A rigid or perfectionistic personality will always seek policies that fully cover all aspects of its intent, thus establishing bureaucratic and stringent enforcement of policies. The effective control of emotions assists in making rational decisions. Emotional intelligence helps avoid making policy decisions motivated by hostile motives or revenge. The quality of policy decision-making is also influenced by the quality and quantity of the information available to individuals and groups. The source of information may have hidden motives by making selected information available to decision-makers. Individuals with information will have power over others or the group. Policy decisions are sometimes made on the merits of competing alternatives resulting from political motives. These motives can impact the decisions about what information is made available. Hierarchical domination can disempower individuals and groups, impacting the quality of policy content. In crisis or conflict situations, caused by stress or fluctuations in the business performance, individuals or groups may panic, resulting in decisions being made to calm down a situation. During conflict situations such as strikes and demonstrations, pressure by individuals or groups imposes undue stress on decision-makers, resulting in policy content decisions being made to defuse volatile and hostile situations. Individuals and groups will make decisions that offer the most significant value. Indecisiveness resulting from procrastination caused by the self-defeating behaviour of individuals or groups can force hasty and inappropriate decisions to meet deadlines. Political empowerment and personality traits often result in overconfidence within groups and individuals, resulting in biased opinions that will negatively affect the rationality of decision-makers, rendering the quality of policy input and content very weak.

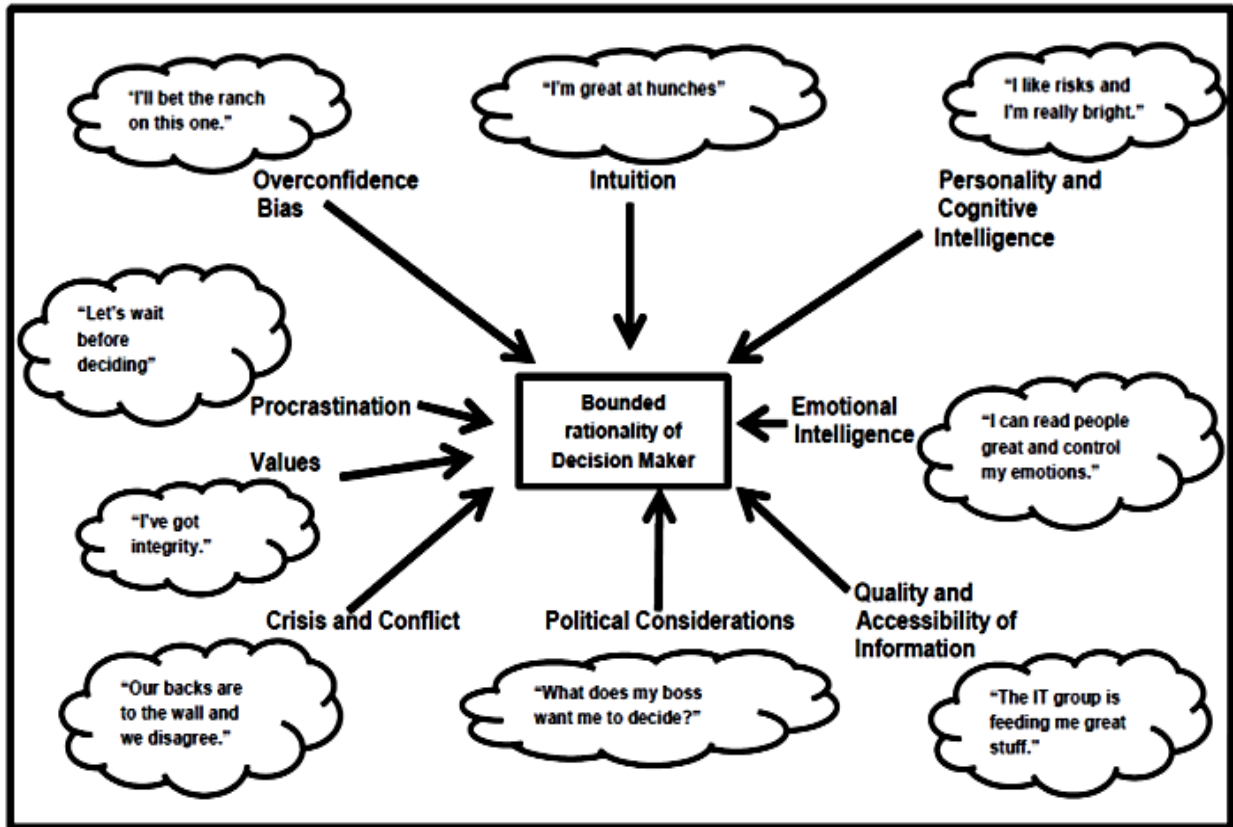


Figure 2.11: Bounded Rationality and Decision Making

Source: DuBrin, 2007:94

Bounded rationality was first proposed by Herbert Simon (1982) in challenging human rationality, implying that the thinking capacity of human beings is limited. Figure 2.12 illustrates the relationship between classical and behavioural perspectives in decision-making.

The classical decision-maker is usually a manager or a person in authority who assumes that problems are clearly defined because of their knowledge. The assumption is that their choices have considered all the alternatives to support their managerial actions. The cognitive limitations of behavioural decision-makers are a consequence of bounded rationality due to problems not being clearly defined with limited knowledge ascribed to administrators of the person in the lower ranks within organisations. It is assumed that individuals at these levels act to make choices that satisfy their superiors and demonstrate no rationality.

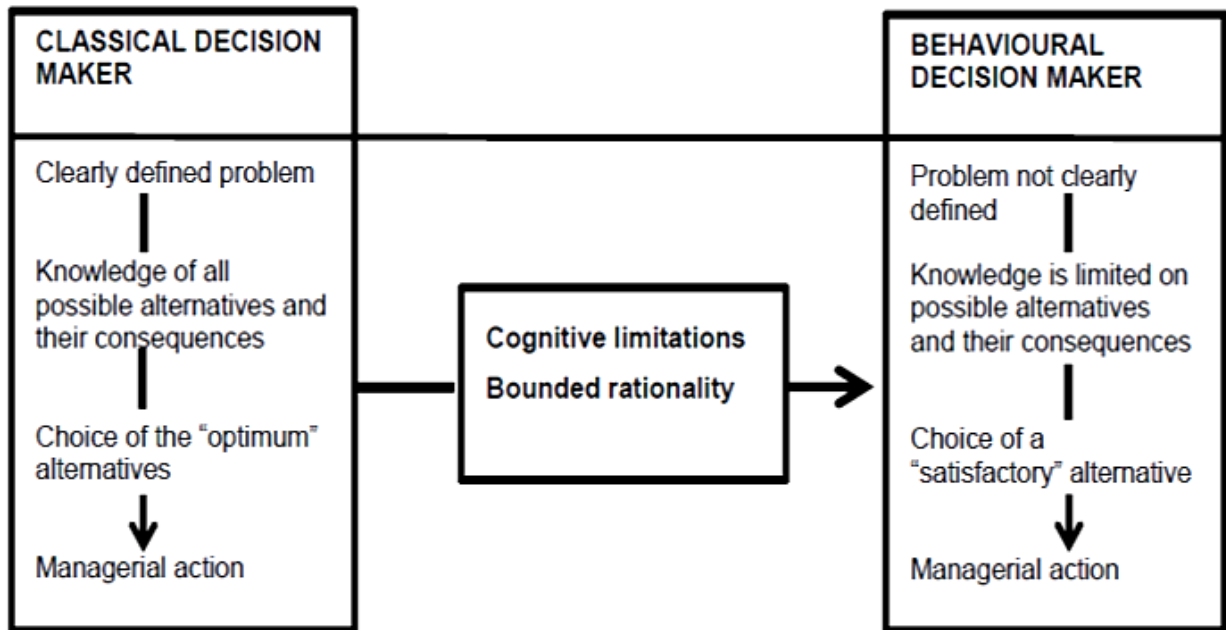


Figure 2.12: Classical and Behavioural Decision-Making Model

Group decision-making allows for more nonprogrammed decision-making resulting in more particular and acceptable policy directives. Sassenberg et al. (2014:153-154) note that experts often make group decisions, with groups outperforming individuals. Experts in groups have the knowledge and experience to dominate groups. Many groups comprise individual members with complete knowledge resulting in “evaluation bias” when decisions are made. Evaluation bias has the consequence that individuals are less likely to alter their positions on a subject or idea once they have formed a conclusion or have decided. Such bias impacts the quality of policy decision-making. Intellectual ability is often not the driving force for evaluation bias but somewhat motivational factors or political influences to protect a particular policy position in workplace interactions where evaluation bias exists. Participants in a group decision-making process trust the bias shown by an expert, hoping that the influence of the expert will benefit the organisation, and they are therefore not vulnerable resulting from poor decision making. Where evaluation bias exists in group decision-making, the bias must be in the organisation’s interest and must have a foundation in an ethic that will not disadvantage others involved. Robbins (2005:148-151) notes that biases result from attempts to take shortcuts in the decision-making process. The minimisation of effort and circumventing of difficult trade-offs result in administrators making decisions on impulse and gut feelings. These shortcuts, while helpful, are a distortion of rationality. He identifies eight common distortions that can lead to bias in decision making by individuals and groups:

Overconfidence Bias: The biggest problem in decision-making with the most significant potential for catastrophe is overconfidence. Administrators who are overconfident hope for optimistic outcomes. Overconfidence is mainly linked to individuals who overestimate their knowledge and are dealing with a problem outside the scope of their experience.

Anchoring Bias: An anchoring bias results from a fixation on initial information when individuals disproportionately emphasise information they received at the beginning of a discussion or debate. Anchoring can distort rationality as assessments are unduly influenced by initial impressions or perceptions resulting in individuals or groups not making objective policy content or interpretation decisions.

Confirmation Bias: Any rational decision-making process assumes that the information has been objectively acquired. The confirmation bias is premised on understanding selective perception formed by past choices. Decisions are made on the premise that historical decisions have worked, thus discounting any contrary information. Confirmation bias also results from judgments of past sources of information and individuals as reliable and trustworthy; therefore, there is a preconceived notion that everything from these sources will be correct. Individuals or groups guilty of confirmation bias seek information only from sources that support their viewpoints.

Representative Bias: The representative bias is an association bias that associates current situations with older pre-existing categories or ruling. Decisions of this nature are based on matching historically similar situations and assuming that the same conditions may apply to current conditions.

Escalation of Commitment Error: The escalation bias refers to the commitment to a decision even when evidence to the contrary becomes available. In this bias, individuals or groups will do everything possible to promote their position and even employ more resources to promote it, even if it results in a loss to themselves or the organisation.

Randomness Error: The belief that people control every situation makes it difficult for individuals or groups to make sense of random events. Decision-making becomes impaired in creating meaning during random situations where decision-makers have little or no control.

Hindsight Bias: Hindsight bias occurs when a false belief exists that correct predictions were made after an outcome of a decision is known. These biases result when individuals or groups have an overstated view that their predictions are accurate and that their future decisions will also be the best.

Group decision-making is used in the financing evaluation process to accommodate the workflow in the financing application control process. This process can involve an individual or group that must act with good judgement, trust, and a high level of personal ethics.

2.10 TRUST AND ETHICS IN FINANCING

The financing industry is expanding rapidly, with new financing products and service providers entering the industry. Morris and Vines (2014:255-276) state that trust in the financial services has disintegrated after the misdeeds and misfeasance that caused the Global Financial Crisis (GFC) in the banking industry between 2007 and 2009 and the London Interbank Offered Rate scandal (LIBOR) of 2012. These financial scandals sowed mistrust in the industry. During the GFC, customers were misled, risks were miscalculated, governments misused, and rating agencies deliberately misinformed. The Edelman Trust Barometer of 2019 (Table 2.6) shows the global trust levels in industries from 2015 to 2019. The table shows that the financial services industry had the least trust of all industries. The increase of 8% from 2015 to 2019 indicates that the financial industry is still the most distrusted.

Table 2.6: Financial Services Trust Barometer (Source: Adapted from 2019 Edelman Trust Barometer Financial Services)

INDUSTRY	2015	2016	2017	2018	2019
Technology	74	75	76	75	74
Automotive	67	61	66	62	69
Entertainment	64	65	65	63	68
Food and Beverage	64	65	68	64	68
Telecommunications	60	61	64	64	67
Consumer packaged goods	61	62	64	61	65
Energy	57	59	63	63	65
Financial services	49	53	55	55	57

Figure 2.13 compares the percentage levels of trust in the financial services of South Africa with that of nine other countries in 2019. The lowest level of trust in the financial services is in Germany, where trust is at 38%, while the highest level of trust is in China with 83%. The South African financial services scored a trust level of 59%, above the average of 57,8%. The mistrust in the financial services is often because of exaggeration by clients or misinformation.

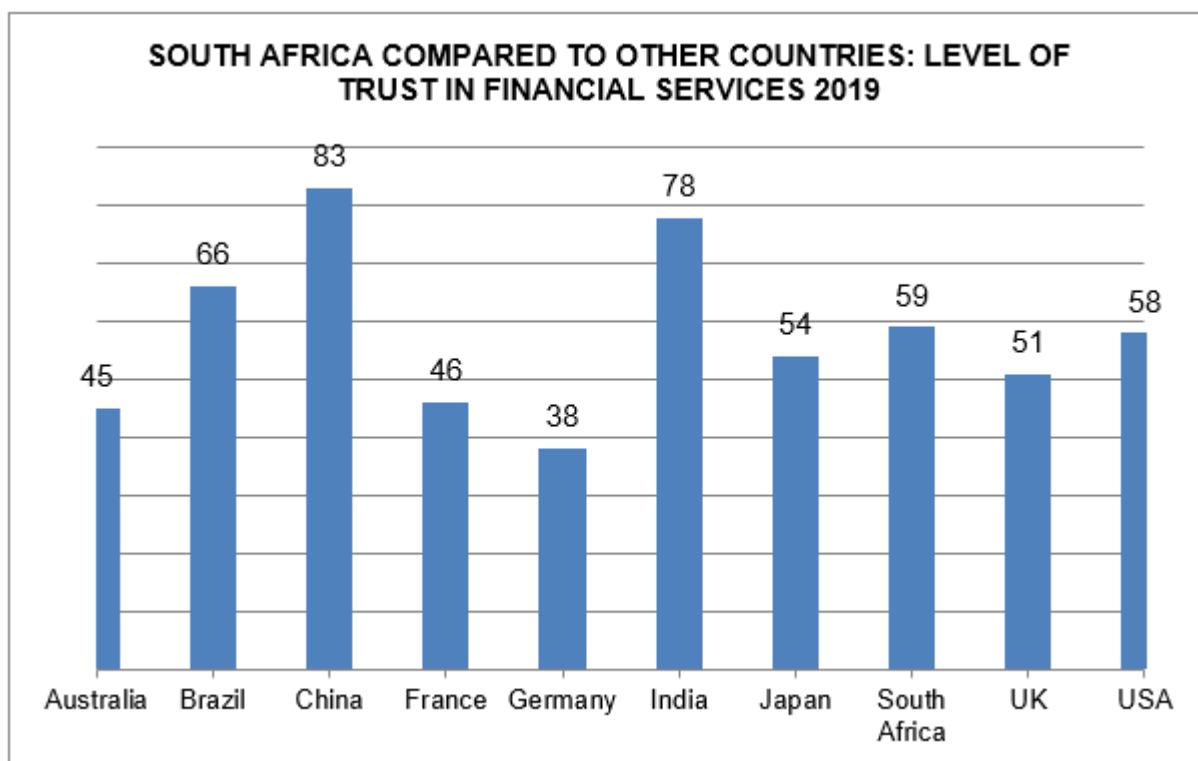


Figure 2.13: Levels of Trust in the Financial Services

Source: Adapted from 2019 Edelman Trust Barometer Financial Services

Morris and Vines (2014: 256), when referring to the four steps of ethical decision-making of Rest (1986), suggest that agents working in the financing industry must (1) recognise that any decision-making situation will involve moral issues; therefore, any decisions made will affect people positively or negatively, (2) ensure that ethical judgements are made regarding the issues at hand after the situation had been analysed from a moral point of view, (3) have a moral intention that conforms with moral judgement with which they can deal with, and (4) engage in the selected behaviour to give effect to the decision. Unethical behaviour could rest from not executing any of the four steps. Administrators in the financial industry that fail to execute any of the steps: recognise, judge, intend or display behaviour to act may do so because of a weakness of will, personal ignorance or fear. Individuals may not understand the moral intensity of the consequences of not acting or the magnitude of their inaction to behave ethically. If the moral intensity of ethical issues in financial services is limited compared to other industries, financial institutions will fail to recognise ethical malpractices. Moral intensity is dependent on the existence of a social consensus on the “right” or “wrong” about an action and the “good” or “bad” consequences the action will have on others. The moral intensity of an issue determines how administrators respond to a decision. The higher the moral intensity, the greater the ethical dilemma is to make sound judgements. In the financial services

industry, issues of high moral intensity requiring greater ethical discernment carry the highest levels of accountability with the worst consequences when decisions are made contrary to the institution's values or codes of conduct.

Lamb (1999:13) emphasises the centrality of ethics in financial services and notes that financial institutions are vulnerable to corruption's ethical abuses and legal challenges. Administrators within the industry continually face conflicts of interest in balancing their own financial needs and their loyalty to their employers and clients. Unethical practices are endemic and systemic within the financial services industry. In referring to Smith and Walter's book "*Street smarts: linking professional conduct with shareholder value in the securities industry*" (1997), Lamb (1999:14) agrees that executives are seen as "zookeepers" as they work to curb the continued temptation faced by employees and managers to give in to unethical acts. The financial services render a wide variety of services that do not only involve taking deposits as savings. Money lending forms a significant part of the banking offering to clients.

Administrators in the financial services industry are governed by many rules, policies and laws requiring employees to behave in a way that does not violate the interests of their clients. Personal ethics are guides for good judgement. Jasevičienė (2012:102) observes that the banking experience is more successful if driven by high ethical standards where a high quality of service is rendered within a customer service culture by qualified staff and management. The failure to comply with norms of ethics with a lack of business transparency will result in a global financial crisis and banking problems. Having confidence in the financial services processes and administrator ethics is key to the success of the financial services industry. An issue of ethics in the financial services has been addressed at length in many countries and South Africa, but a more profound insight is required to understand why administrators and the financial industry still experience problems that place the industry's ethics into question.

Financial administrator reliability, honesty, benevolence, and loyalty to clients and employers must be beyond reproach. Duska (2005:20-21) observes that the ethical evolution of the financial services industry can be measured by the subtle shifts in the vocabulary used in the industry to describe itself over time. The suppliers of financial products used to refer to their clients as "counterparties" as both the client and the provider of financial products had to look out for their interest and were therefore justified in maximising their self-interest (Lamb 1999:14). The word "services" within "Financial services" has become more popular. The notion of service delivery reinforces the industry's objectives to meet the needs of their clients as their paramount objective, and service is the primary goal for which administrators are being paid. Therefore, the primary *raison d'être* is to service their clients professionally and improve their living standards. The term "wealth management" has also become prominent, spelling

out the goal of assisting clients to be prudent with their funds and reducing fiscal anxiety experienced by many. Rendering “wealth management services” can only be possible if all parties act ethically. Lamb (1999:14) identified five factors that contributed to the decline of ethics in the financial service industry: (1) the rapid convergence of the industry into each other”, (2) the intensification of global competition, (3) the drastic reduction of profit margins, (4) the commodification of financial and (5) the large numbers of acquisitions and mergers of many financial institutions. This resulted in many employees in the industry losing their jobs or facing the threat of imminent retrenchment, thus contributing to disloyalty. The client’s advantage must always be the objective, as accepting profitability as the focus is inconsistent with the professionalism required from working in the industry; setting aside self-interest is a way of securing a professional relationship with clients (Duska 2007:22). Profitability requires the expansion of a business, and thus the acquisition of more clients will be necessary to sustain growth, but this growth must never be at the expense of service level agreements made to clients or the erosion of the company’s ethical standards. Technological innovation has also resulted in administrators becoming creative in ensuring an income resulting in unethical data manipulation.

Beaumier and Reese (2020:14-15) insist that the financial services industry requires an “ethical upgrade” despite a call to action following the global financial crisis of 2008, where personal accountability must be established, compensation schemes that are justly instituted, proper guidance for sales practices be developed and penalties for unethical behaviour be enforced. However, good ethical leadership may still be lacking in financial services organisations where compensation has improved.

Ethical leadership espouse the commitment to values that will strengthen all administrators’ discourse for ethical work practices as such leaders do not leave ethical compliance to chance. Addressing the aspects that facilitate a process for working ethically in the financial services industry, Johnson and Asher (2015:4-6) emphasise virtue as a personal characteristic needed by those working in the industry. They identify four cardinal virtues: justice, courage, self-control, and practical wisdom, describing justice that governs how others are treated, courage is required to protect themselves from social pressures, self-control to curb their inclinations and practical wisdom to act judiciously in the face of uncertainty.

Todd (2013) asserts that the financial services industry has paid lip service to addressing ethical conduct after the economic crisis. In financial services companies where ethics is a priority, the development of ethical organisations becomes easier.

2.11 DEVELOPING AN ETHICAL WORKPLACE

The question is often asked: What is an ethical organisation? Employees' ethical practices have received greater attention as they strive to improve their business processes and relationships with their clients and other stakeholders. Van Vuuren and Crous (2005:400) state that when organisations aspire to develop ethical institutions, they must understand that this process takes place over time and that the prototypical approaches followed by organisations in their quest to achieve ethical organisations centre mostly around compliance. In mitigating against ethical risks, organisations must assess how grievous the threats of unethical behaviour are and how they will affect the sustainability of the business. Ethical risk analysis, including assessment, must be part of normal business operations, not only the measured risk but also ascertaining what perceptions other stakeholders have of them.

Stakeholders exert tremendous pressure on managers to protect their interests to eliminate negative publicity resulting from unethical behaviour. Consequence management resulting from ethical risk analysis will assist in decision-making and policy formulation, thus enforcing good governance and compliance to regulatory requirements in organisations. Ethical management for compliance can establish a culture of a "tick box" mentality where things are done to satisfy a policy with blind adherence to rules and regulations, diminishing creativity and freedom of expression. Achieving an ethically compliant work environment is less important than the required outcome. Rossouw and Van Vuuren (2003:391-401), in their model, "The Modes of Managing Morality (MMM) model", explain that managing the ethics within an enterprise is evolutionary and that evolutionary change in the mode of ethics management can only take place in well-established medium to large, sustainable businesses. They identified a framework in which the mode of dealing or not dealing with ethics can be classified. A mode is described as the selected strategy of an organisation to deal with a specific ethical challenge or dilemma at a specific time. The preferred mode is the identified method with which management opts to deal or not deal with the ethical challenges they face. The execution of the chosen mode could be covert or overt. The overt and covert approaches will have observable and discernible results that can have qualitative and quantitatively measured against a predetermined objective. In their model (Table 2.7), they identified five modes: (1) immorality, (2) reactivity, (3) compliance, (4) integrity, and (5) total alignment describing each mode in terms of (1) its nature, (2) primary purpose, (3) predominant strategy, and (4) typical challenges. Challenges experienced in each mode dictate the changes to be made in that mode to deal effectively with the ethical dilemma that confronts the organisation. These modes can be used in developing ethical organisations by describing the modes with their response to their culture in dealing with ethical and moral issues that can be by nature

(how they conduct business), their purpose (the reason for their existence), strategy (operation by goal and objective) and challenges (as things unfold, day-by-day).

Modes described by Nature: When organisations adopt this position in the model, they accept that unethical conduct is good and view ethics as contradictory as a business by nature is competitive. They ascribe to the myth; “dog eats dog” and “survival of the fittest”. They apply token gestures of ethical codes of behaviour while ignoring unethical behaviour to gain an advantage over their competitors. A rule-based approach to compliance is used when disciplining transgressors of organisational policies.

Modes described by a purpose: Organisations adopting this mode has as their objective the maximisation of profit at all costs. Achieving “the bottom line” is their primary aim. Voracious capitalist gluttony is their motive. They believe that ethics has no place in business. The reactive mode ascribed to businesses that only pursue profit is the protection of their ethical processes only if the unethical behaviour threatens their survival; therefore, they will work to secure a good reputation and protect their integrity so that the organisation can remain relevant within a competitive environment. They will forcibly align the strategy to reinforce “ethics” as part of their corporate culture.

Strategy as a model for managing ethics: Organisations that use strategy as a mode to manage ethics can be described as having a Machiavellian orientation in managing their decision-making with indifference and callous morality. There is no commitment to engage in any ethical practices and have a laissez-faire reaction mode to ethical compliance and is a transaction when dealing with ethical dilemmas. All the employees are responsible for the ethical morality of the organisation, using generally acceptable governance guidelines as their rudder to negotiate their way through the ethical predicaments they face.

The use of challenges as a model for morality management: Unethical and immoral behaviour can have substantial financial consequences for many businesses, with indiscretions leading to financial and reputational losses. The loss of profit is a threat to the sustainability of the organisations. The perception that “what is not forbidden is allowed” can prevail until the consequences of unethical actions become evident in performance and profitability. A workforce exposed to an environment where situational and consequentialist challenges dictate ethical responsiveness is disempowered because of a lack of coordination by the business leaders. Organisations that respond to challenges only in dealing with immoral and unethical behaviour contribute to anarchy, moral laxness, and the perpetuation of unethical conduct, ultimately leading to the business’s demise. Organisations face many ethical challenges that should be catalysts to overcome inertia by management to deal with

debilitating and inadequate processes to address fraud, negligence, and unwanted behaviour among employees.

Table 2.7: Modes of managing Morality (Source: Rossouw and Van Vuuren 2003:392-393)

Dimension of comparison	Immoral mode	Reactive mode	Compliance mode	Integrity mode	Total Aligned Organization (TAO) Mode
Nature	Unethical conduct is good business The business of business is business, and <i>not</i> ethics	Token gesture of ethical intent is shown (a code of ethics) Unethical behaviour is ignored and remain unpunished	Commitment to manage and monitor ethics performance <i>Rule-based</i> approach to ethics Disciplining unethical behaviour	Internationalization of ethics values and standards <i>Value-based approach</i> to ethics Internal locus of (ethics) control; "Walking the ethics talk"	Seamless integration of ethics in corporate purpose, strategy and operations Non-negotiable morally responsible interaction with stakeholders
Purpose	Ethics has no place in the singular pursuit of bottom line Unethical behavior espoused as good business.	Protection against dangers of unethical behaviour Sceptics and critics are silenced (temporarily) by the existence of ethics standards	Prevention of unethical behaviour Desire to have a good ethical reputation	Raising level of corporate ethical performance Pro-active promotion of ethical behaviour Ethics of strategic importance or a competitive edge	Ethics reinforced as part of culture and purpose Ethics entrenched in discourse and decision-making.
Ethics management strategy	A Machiavellian orientation exists that denies the need to make decisions concerning ethics No concern for stakeholders No ethics management strategy or interventions	<i>Laissez-faire</i> ethics management Inability to manage ethics Corporate (ethical) values are words on paper	Transactional approach to managing ethics Code clear and comprehensive & corporate ethics management functions exists Ethics management systems used Unethical behaviour punished.	Transformational approach to managing ethics Stakeholder engagement Ethics "talk" prevails High-level ethics management functions and systems Managers have an ethics competence	Everyone responsible for ethics management Ethics function/office serve as "rudder" Ethical heroes celebrated; ethics stories told Elimination of discrepancies between corporate values and behaviour
Challenges	Financial consequences of immorality become unaffordable Increased dissonance between personal and corporate values Stakeholders experience alienation	Credibility problems with stakeholders Susceptible to ethical scandal Stakeholders convey frustrated expectations Corporate ethical reputation below par	Mentality of "what is not forbidden is allowed" Personal moral autonomy and responsibility undermined Proliferation of ethical rules and guidelines Employees disempowered to use ethical discretion	Discretion granted is abused Moral autonomy leads to moral dissidence Powerful leaders undermine ethics drive Lack of clear corporate identity undermines integrity mode	Ethical compliancy/ arrogance; moral laxness Neglect ethics induction of new employees Lack of co-ordination in managing ethics

Organisations face many ethical challenges that should be catalysts to overcome inertia by management to deal with debilitating and inadequate processes to address fraud, negligence, and unwanted behaviour among employees. The mode used to address compliance can be a rule-based approach to facilitate strict adherence to organisational policies and codes of conduct, with non-compliance resulting in punitive action taken against transgressors. An alternative to the rule-based approach to compliance is the value-based approach to ethics that relies on the integrity of individuals to make ethically acceptable decisions. Ethics cannot be used only as a vehicle to pursue profit; the curtailing of unethical behaviour must be the pursuit of everybody involved in the organisation, where everyone works toward preventing unethical behaviour. Ethical behaviour must be entrenched in the discourse of daily operations and decision-making. Business leaders should endeavour to recognise “ethical heroes” and celebrate acceptable ethical conduct.

In describing ethical organisations, the following characteristics are observable: (1) fairness in the treatment of employees and stakeholders is observable, (2) employees act with integrity, (3) administrators accept accountability, (4) everyone identifies with the same vision, (5) policies and actions are aligned with the vision of the organisation and (6) all employees contribute to the decision-making process.

Mathis and Jackson (2000:30) confirm that up to 48% of employees confessed to having acted unethically in the workspace by paying or receiving bribes, taking kickbacks, cheating on expense accounts, lying about sick leave, and even forging signatures. As society becomes aware of the consequences that unethical behaviour has on a country's economy, greater demands are placed upon businesses to develop ethical protocols to assist in creating ethical organisations where ethics become the norm and not just an elution. An ethical organisational environment is an environment in which values of honesty and justice become inherent and entrenched to achieve improved performance and the delivery of good services to stakeholders. Subordinates within business look at their leaders for ethical guidance; therefore, behaviour that encourages or discourages an ethical environment within organisations begin with leaders who set the example by acting with integrity or without it (Emiliani, 2000:261). Leaders of organisations play a pivotal role in creating and setting the climate for ethical behaviour (Deloitte LLP Ethics & Workplace Survey, 2007:1). The Deloitte survey indicated that ethical behaviour is more likely in employees when they enjoy an excellent work-life balance. This was confirmed by 91% of their respondents, while 60% of the adults surveyed mentioned that job dissatisfaction was the main reason for unethical decision-making in the workplace. 10% of the respondents in their survey suggested that criminal penalties for violating codes of conduct will assist in creating an ethical workplace environment, while an underwhelming 16% agreed that ethical training would promote ethical

behaviour. In 2018 Deloitte conducted the 2018 Deloitte Millennial Survey to determine millennials' viewpoints regarding business motivations and ethics. This survey produced startling results that indicate no shifts in opinion around whether a business behaves ethically from 2015 to 2018. What is noticeable is that the gap between those who agree (48%) and those who disagree (45%) that business is behaving ethically is closing (Figure 2.14). This indicates that opinions of ethical behaviour in the workplace are still very diverse amongst employees and that congruence on what is ethical and unethical will only be achieved when business leaders earnestly involve themselves in providing guidelines for ethical behaviour.

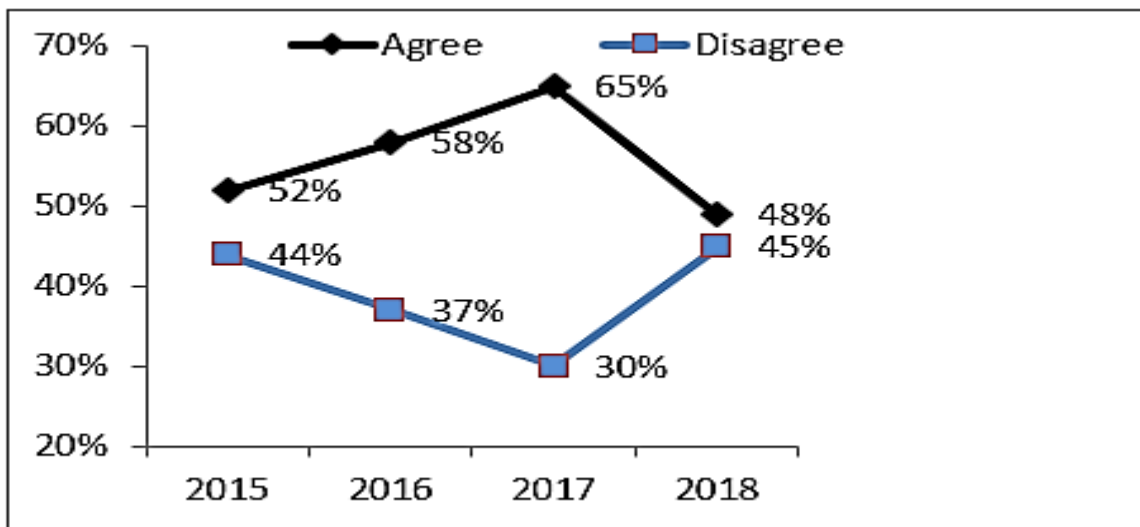


Figure 2.14: Millennial's view on Ethical behaviour of business

Source: 2018 Deloitte Millennial Survey

Leaders must initiate and drive the process of formulating ethical policies and codes of conduct and lead by example. According to McDonald and Pak (1996:974), business ethics cannot be promoted successfully without ethical training. Ethical training should be part of employee orientation when starting employment at an organisation for all recruits and must be reinforced with continuous retraining. Training in ethics will set the standard for required behaviour and inform employees of what is expected of them. Different cultures, customs and norms develop over time within all organisations where staff have been employed for long periods, and the churning of employees is low. Normative positions on business ethics become established where culture is the driving force for normative ethical behaviour, as demonstrated (Table 2.8) in the regional differences in normative positions of business ethics by Crane and Matten (2010:26).

Table 2.8: Regional differences in normative positions of business ethics (Source: Crane and Matten 2010:26)

Aspects	Europe	North America	Asia
Responsible for ethical conduct in business	Social control by the collective	The individual	Top management
Key actors in business ethics?	Government, Trade Unions, Corporate Associations	The corporation	Government, corporations
Key guidelines for ethical behaviour?	Negotiated legal framework	Corporate codes	Managerial discretion
Key issues in business ethics?	Social issues in organising the framework of business	Misconduct and immorality in single decisions situations	Corporate governance and accountability
Dominant stakeholder management approach?	Formalised multiple stakeholder approach	Focus on stakeholder value	Implicit multiple stakeholder approach, benign managerialism

From table 2.8, we can deduce that “ethic affects ethics” as the approach to ethics in business between nationalities. The responsibility for ethical conduct in business is vested in the collective, individual, and top management. In Asia, the government leads in setting ethical behaviour standards, while management has the responsibility of guiding ethical behaviour. Europe has a more social approach to who is responsible for ethical conduct where stakeholders are consulted using their legal framework as a guideline for ethical behaviour. In North America, the individual is held accountable for his ethical behaviour guided by corporate codes of conduct. Finally, the South African approach to normative business ethics is a collective of the three regions. Individuals are responsible for their ethical conduct with all stakeholders involved in formulating codes of ethical conduct guided by a legal framework that brings value to everybody within a structured corporate governance environment.

Webley and Werner (2008: 405-407) note that many businesses are singled out because their behaviour is less ethical than what their policies profess, indicating that the reason for the disparity between policy and practise is rooted in (a) ineffective ethics programmes, (b) deficiencies in corporate culture. Inadequately designed ethical codes of conduct render all policies ineffective. Codes that are compliance-based and not value-based do not engender obligation or commitment to policies by employees. The ineffective communication of codes of ethics increases the gap between policy and practice even where the processes of

developing such policies are sound. In instances where ethical policies are enforced as law, greater resistance, and lower levels of compliance result in dysfunctional workspaces.

Thakor (2003:127) suggests that the line that divides ethics and the law is fragile and constantly shifting; what is legal and unethical today may be illegal tomorrow. Where there is an absence of a system to manage ethics, it could be because of leadership apathy, or it may be costly or time-consuming to develop such a policy document. Most organisations cannot engage the services of a full-time employee to craft and manage the ethical environment of the business. Executive-level employees assume that most employees know the required behavioural standards for a corporate environment. Padilla et al. (2007:183) warn that a persuasive leader with magnetism or charisma with narcissistic tendencies could influence employees to conform or collude with him/her to achieve personal objectives. Dunn (2016:30-35) supports Treviño et al. (2003) in his ethical leadership theory (ELT) that the key to ethical leadership is role modelling. Persons in authority have a duty to be role models that encourage standards of conduct that are compliant with the law and encourage adherence to organisational policies. Senior business leaders guide the implementation of the values and policies of the workplace. Senior leaders are seen as the epitome of company codes of conduct and ethics. The examples of senior staff as captured within the ELT forms the foundation of social exchange theory (SXT), in which the employee would believe that emulating the behaviour of senior staff will result in some benefit. SXT advances from the perception that persons believe there is a cost-benefit experience in a relationship, hoping there will be a reciprocal reward for good behaviour and equal punishment for bad behaviour. Role modelling has a trick-down effect on the behaviour of employees.

Ethical leadership is critical in creating an ethical environment where compliance with the law and internal policies become the norm. However, finding a balance between what is legal and what is ethical is not always easy for organisations and individuals as there is always a conflict between what is a priority for both the employer and the employee to maintain a work-life balance that manifests itself in acceptable standards of ethical behaviour.

The ideal is that ethical behaviour will have acceptable standards that are the general norm for how business should be conducted. In the pursuit of profit, businesses sometimes neglect their ethical obligation toward their clients. The perception is that business and ethics can reconcile when self-interest does not become a compromising factor. The value systems of the leaders within a business are predictors of the ethical actions of employees. The business has profit as its primary objective, and the pursuit of profit can become complicated when moral obligations and value judgments hinder achieving financial goals. Rajko (2011:20-22) introduces game theory to analyse rational choice in the interactions between decision-makers to predict human behaviour. Game theory is a well-established methodology used in

economics and ethics. As interaction occurs in business, participation patterns that form dynamic information flow structures emerge. These information structures result in pay-off structures where actors start to realise where they benefit or lose. Moves that have benefits lead to path dependency to affect the same result, notwithstanding the ethical implications for the business or client. It is assumed in game theory that equilibriums are achieved to ensure cooperative behaviour that secures a good reputation for the business and satisfaction for the client. "The principles of game theory are ethically neutral" (Rajko, 2011:27-29) based on the axiom of rationality where choice is consistent, and behaviour can be predicted. Game theory does not focus on money but on an altruistic value.

Morality, therefore, prevents failure in individual rationality; thus, game theory rearranges structure to meet social outcomes. The game structure allows for cooperative and non-cooperative games. Cooperative games allow formal contracts that regulate the behaviour of parties during games. These formal contracts are controlled by third parties who act as adjudicators where individuals feel that their rights in the game have been violated. In the financial services industry, these will be organisations such as the Ombudsmen for, Consumer Goods and Services, Banking Services, Insurance, FAIS, and the National Credit Regulator. For example, in acquiring finance, a client wants to negotiate the best possible deal for himself, while a salesperson may want to earn the best commission on the deal. Sales staff know that they will win only if their client wins in the sales negotiation when the maximum value is secured for the client, the client's needs are fully met, and they can reconcile their conscience with the ethical values and policies of the organisation.

2.11.1 Work-life balance, burnout, and ethical behaviour

Drawing from Houston (2005:3), it is evident that there will always be tension between employees' desire for a work-life balance and what employers regard as being objectively flexible, which will be reflected in employee behaviour and attitude towards work. Workers will behave more ethically in conditions where a good work-life balance is maintained. Work environments in which high levels of stress are experienced contribute to unethical behaviour where unreasonable targets need to be achieved, unrealistic demands are made, or workers are forced to work long hours. Inflexible work schedules are a contributing factor in causing conflict between personal priorities and work responsibilities attributed to experiencing work-life imbalances. Behson (2002:57) hypothesised that organisational support and the perceptions employees have about fair treatment in the workplace are better predictors of job satisfaction and commitment than a work-family supportive culture that organisations try to implement. Job dissatisfaction is regarded as the leading cause of unethical behaviour among employees. Creating an alignment between personal values, corporate social responsibility, and the demand for profit within organisations to achieve a balance between ethical behaviour

and a work-life balance has always been an elusive goal for many organisations. Hobfoll (2002:312) postulates that in situations where a positive work-life balance prevails, employees will be motivated to protect the resources of an organisation and experience less stress because stress is directly linked to the shortage or lack of resources within a workspace, hence supporting the notion that an excellent work-life contribute to ethical behaviour by employees. Braun & Peus (2018:878) contend that when private and professional life is in equilibrium, employees are satisfied and effective as they can cope with the multiple tasks they face. In explaining their antecedents to burnout in the workspace, Mojsa-Kaja et al. (2015: 103-104) identifies a conflict between the values of the organisation and that of the individual as one of the main contributors to work-stress and role conflict. The high and unrealistic expectation set by employees and employers alike affects the anticipated production levels resulting in individuals taking work home or thinking about work-related matters when they are supposed to relax and spend time with their loved ones. It is essential to discover the aetiology of poor work-life balance as the origin can also be found within organisations' policies as policies evolve and are standardised by the output levels, ambitions, and work ethic of employees. organisation

Personality plays a part in how someone responds to their environment. Where office administrators show high levels of neuroticism in finding the demands of policies or value systems stressful or targets unachievable, they will seek other ways of pleasing their employers to meet targets. This can be done by becoming creative in production methods, interpreting policies, and finding ways to secure an excellent work-life balance in their favour. In interpreting policies, employees will work to rule so that their benefits and social spaces cannot be compromised. A work-life balance weighs more heavily on meeting work demands; thus, neglecting opportunities for productive family life and personal relaxation is less acceptable to most office administrators. The efforts of management in promoting a satisfying work-life balance that is captured and clearly articulated in policy documents are vital to supporting a productive workforce. In addition, it has a direct influence and impact on the ethical behaviour of employees so that ethical conduct can be the norm rather than the exception.

2.11.2 Management's impact on ethical behaviour and organisational policy adherence.

Schminke (2010:58), referring to Druskat & Wolf (2001), states that what matters most in organisations is how managers promote feelings of positivity in their organisations so that employees can make ethical decisions congruently with the ethical character of the business. "In order to encourage high ethical standards within our organisations, we first must provide an environment that is conducive to ethical behaviour. However, management and leadership

have a huge responsibility in setting examples for their organisations and living the values they preach if they want to sustain a culture of ethics.” Allen (2007). It indicates that corporate leaders create a values-based culture with high ethical standards. Henderson (1992:4-19) notes that CEOs lose their positions due to the mishandling of ethical issues suggesting that ethics is a continuous resolving, clarifying, and fostering of a noble ethic in line with a shared vision for good. According to Rachels (2001:432-435), accepting that every person is entitled to their own opinion and that no one has the liberty to dictate their moral views to others leaves workplaces without truth and thus creates an ethical dilemma where there is no right or wrong. Allowing this will manifest as moral nihilism where no direction is given on the values of an organisation, leading to ambivalence in decision making among employees. Schein (1985:223) argues that leaders will always attempt to embed their values and assumptions into the shared understandings of employees. Leaders believe that they are the custodians of the moral and ethical values of the organisation.

Peterson (2003:569) points out that “regardless of whether or not employees’ perceptions are accurate, the employees’ attitude and work behaviours are based on their perceptions and not on the actual intentions of upper management. Managers, therefore, guide the ethical decision-making of employees with policies and company value systems. Managers are pivotal in the direction given in the drafting of content for policies and processes that guide the ethical behaviour of employees to establish accountability, responsibility, fairness and conduct consistent with the public image they project. The tenets of ethical business behaviour will never come to fruition without the leadership of committed managers. Managers must make concerted efforts to secure operating environments that are productive and nurture the ethical well-being of all role-players. Phillips and Gully (2012:310) reinforce the understanding of ethical awareness as a prerequisite to making an ethical decision for the well-being of all managers and emphasis the ethical interpretive process in finding solutions that should negate the influence of personal factors, culture, or nationality. According to Bachmann (2017:4-7), ethical leadership does not only establish ethical organisations but contributes to greater efficiency and can be the catalyst to transforming organisations. Businesses are increasingly under scrutiny, with many being investigated for unscrupulous unethical practices. Many have been flagged for behaviour that lacked transparency and accountability. Organisations do not just develop into ethical institutions overnight; they engage in programs that evolve, requiring tremendous effort, resources, and commitment from all stakeholders. In organisations where governance is weak and managers have little or no control over their subordinates, those in charge will have free reign to pursue their objectives without taking other stakeholders’ interests into account. Management must align and balance their interests with the broader working community and society. Keith et al. (2003: 252) note that the locus communis wisdom

acknowledges the importance of management and peer behaviour but emphasises that there is no consensus on the determination of how vital management and peer behaviour are for the ethical behaviour of employees. Phillips and Gully (2012:137) advance this argument by introducing six trends that influence the behaviour and choices of managers.

Collectivism: where managers are concerned with the goodwill of everyone in the organisation and act in the interest of everyone and not only his/her interest.

Rationality: where managers make decisions on the merit of the facts available to them and are not driven by emotion.

Novelty: in this respect, managers must be open to change and value the contribution of change in the organisation's interest.

Duty: managers must act in good faith, valuing their obligations with loyalty and treat everyone with integrity.

Materialism: Managers must value and protect the assets of the organisation. Materialism does not imply personal enrichment but the wealth of the business for its survival.

Power: valuing power implies understanding the power vested upon the person and the control that power has over other employees.

Managers are responsible for ensuring that ethical practices prevail when a decision of remuneration, promotions, and employment opportunity protects employees from discrimination involving race, gender, age, sexual orientation, culture, or ethnicity. Where policies or codes of conduct govern employee relations, it is incumbent upon managers to ensure that these documents capture the interest of everyone within the organisation. Policies and codes of conduct are documents of intention in which the ethical objectives of the business are captured that has the power to transform an organisation only when committed managers support it. Managers, therefore, have the responsibility to ensure that the ethical practices and objectives of their codes of conduct and policies are transferred in the service delivery to clients, suppliers, competitors, and all external parties with whom they conduct business. Shore et al. (2012:337-339) introduce the concept of anticipatory justice and injustice in their discourse on employee organisation relationships, suggesting that employees expect fair treatment and trust rather than mistrust where corporate citizenship behaviour will increase job satisfaction and increase productivity. Historical encounters that were previously just and fair are catalysts for anticipated justice that will be distributively and procedurally egalitarian, which leads to a clear perception of justice or injustice. Anticipatory justice enhances employee retention and optimises positive experiences for employees and management with improved interpersonal relationships. Anticipatory justice is associated with a more positive

workspace, employee attitudes and behaviour. In adapting the model from Shore (2012) on anticipatory justice and antecedents to anticipatory justice, a model (Figure 2.15) can be used to explain the impact that management attitudes and behaviour have on ethical behaviour and the adherence to organisational policies of employees.

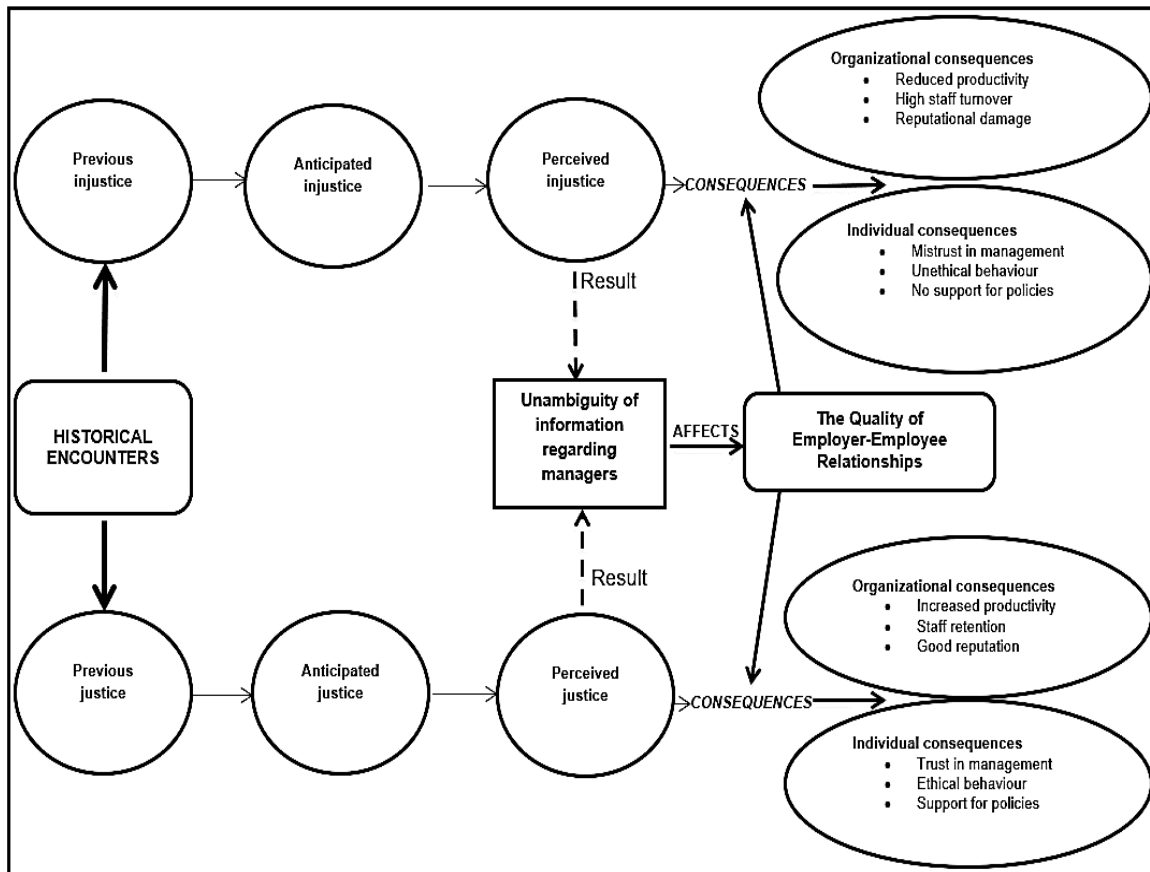


Figure 2.15: Antecedence to anticipatory justice and injustice in policy application

Source: Adapted from Shore 2012

Employees base their perception of managers and management ethics on the historical encounters they had in the organisation resulting from previous justice or injustices. Previous injustice has the consequence that injustice is anticipated in subsequent interactions with superiors because unambiguous perceptions of management behaviour patterns had been established among employees. The consequence is that employees expect unfairness, inequality, and injustice to be entrenched in the organisation. The individual consequences manifested in employee response to perceived injustice will be seen as being uncooperative, not being supportive of management initiatives, leading to an increase in unethical behaviour, a lack of commitment, suspicion, mistrust, increased absenteeism, and a general inclination

not to follow the prescribes of organisational policies. This manifests itself in negative organisation consequences, such as poor staff performance, reduction in productivity, organisational reputation damage, a decline in profitability and an increase in staff turnover. The contrary can be seen in individual consequences where employees experience perceived justice. They develop greater trust in management, act more ethical, and support the organisation's policies. The organisational consequences for perceived justice by employees become distinct when staff retention improves, improved production levels and the enhanced reputation of the organisation. This situation will enhance the quality of the employee-manager relationship, resulting in organisational consequences that will be positive, such as increased commitment by staff, improved ethical behaviour, enhanced trust between employees and management and support for and adherence to company policies. The psychological state of accepted vulnerability determines the levels of trust between employees and managers. This vulnerability is increased or decreased in relation to management behaviour and affects how employees subject themselves to policies. Predictable management behaviour increases trust, while opportunistic and erratic behaviour by managers increases mistrust. Six and Sorge (2008:860) mention that the notion of relational signals in human behaviour is experienced in interpersonal relations or communication and by the nature of the relationships between those involved in the relationship.

The trust relationship between employee and manager has an effect-based trigger on employees as their responses reflect reactions to perceptions of management interpretation of policies. Art and Van Tatenhove (2004: 340-343) allude to the “power in the policy process” in the agent-structure dialogue when describing the discourse that takes place in policy development, referring to this as the “policy arrangement”. The policy arrangement refers to how the policy domain is created in relation to the history that shaped the organisation. Policy arrangement includes substance and organisation, with substance indicating the objectives and principles (ethics), while organisation refers to the business’s structure and procedures (policies). Policy arrangement evolves from the different levels of governance in an organisation. The substance and organisational attributes of policy arrangements can be found in the intensity of policy coalitions between employees and managers, where the “rules of the game” are derived to direct the policy discourse and the distribution of resources. The policy coalitions can have positive and negative influences because of value conflicts experienced by managers. Phillips and Gully (2012:138) identify the intrapersonal value conflicts and interpersonal value conflicts as the conflicts that managers can experience. Intrapersonal value conflicts pull managers to be more ambitious in the promotion of their careers instead of looking at his/her relationship with employees or personal health matters. This creates stress and can negatively impact policy content as everything is viewed from a

personal gain or growth perspective. Interpersonal value conflicts result from differing value viewpoints between individuals. Policy decisions are made by individuals who may have different viewpoints. However, they should not be influenced by personality differences as this erodes the quality of policy content because strong personalities will want to have their positions considered the best option. Managers with interpersonal value conflict will use their authority to muscle their objectives into policy content.

Policy coalitions comprise individuals with the same objectives and interpretations of the “rules of the game”. Policy coalitions can be supportive or oppositional, with each side having utility maximisers who do not act for institutional benefit but their own. Policy coalitions may also strive for political modernisation in the organisation to advocate for structural transformation that can be evolutionary through policy change or revolutionary through political change. Political modernisation involves the movement of relationships within an organisation to influence governance structures. Organisational policies and management behaviour can stimulate responses from employees that can influence rational self-interest behaviour to reduce myopic opportunistic desires and actions by all stakeholders leading to greater compliance with organisational policies.

2.12 ORGANISATIONAL POLICIES

2.12.1 What is understood by the term ‘policy’?

The term ‘policy’ has, over the last 25 years, become very common in the lexicon of all government and business institutions in South Africa. According to Colebatch (2009:7-9), the term abounds in every governance institution and has become institutionalised in everyday practice. Utterances such as “I am simply following Policy” can be heard in most corridors of business and government. The term “policy”, even though it has a broad appeal, seems to have no unambiguous definition. The term policy is mobilised in many situations and is sometimes seen as a document regulating or controlling actions. The policy is seen to clarify and justify thoughts, organisational practices, and processes. “Policy” is concerned with three main themes: order, authority, and expertise. It guides system and consistency so that actions are not arbitrary or unilaterally changed. It allows for activities and actions to be clustered to ensure conformity. Khan and Khandaker (2006:539) define policy as “a purposeful course of action that an actor or set of actors follow in dealing with a problem or matter of concern”. Ethical statements have their origin in deontological and teleological theories. Deontology sees morality with little regard for the consequences of the action, while teleology sees the result without regard for the ethics involved. According to Randall (2013:23), therefore, it can be concluded that policies, while they may be suitable, are constructed to ensure a particular outcome in the interest of the organisation.

Connor (2013:72-74) states that ethics is subjective and that everyone must clarify personal ethical positions while also being mindful of the ethical consideration of others. He states that policies are the preserve of authorities who are qualified to discern ethical truths, suggesting that moral subjectivism will result in a lack of ethical goodness in policies. Moral realism allows minimum space for debate, and moral subjectivism leads to maximum disagreement. Where a policy is formulated, the intention is always egalitarian and utilitarian in purpose, and the process provides an opportunity for exploration of the good that the policy intends. The Cambridge English Dictionary defines "Policy as a set of ideas or a plan of what to do in particular situations that have been agreed to officially by a group of people, a business organisation, a government, or a political party" <https://www.dictionary.cambridge.org/dictionary/English/policy>. "A policy is a set of ideas or plans that is used as a basis for making decisions, especially in politics, economics, or business" <https://www.collinsdictionary.com/dictionary/english/policy>. Schlager et al. (2013:390) define the policy research process as a study of stasis and change over a period that includes actors acting and thinking individually and collectively affecting structures resulting in anticipated and unanticipated consequences. Scholars rely on numerous theories and frameworks to understand the policy process.

2.12.2 The Policy Formulation Process

Lasswell (1971:1-4) contends that the science of policy formulation concerns knowledge of and making decisions striving toward contextuality, problem orientation and diversity within a policy arrangement resulting from the interplay between the context of the structural social environment. The policy arrangement comprises the agents, structure, resources, rules, and the prevailing discourse. According to Arts and Van Tatenhove (2004:340), the policy arrangement approach accentuates (1) the influence that institutional embeddedness has on multi-actor involvement in the policy processes, (2) the manifestation of policy practices that find structure from global trends, (3) the roles of various power groups, (4) the importance of substance and organisation and (5) the impact of continuous change on policy practices.

Lindberg (2013:82) states that economic shock; high magnitude traumas, including turmoil that strikes the economy, are catalysts and incentives that encourage learning in the policy. According to James & Jorgensen (2009:142), the policy process model emphasises the interaction and relationship between the stakeholders but fails to address the issues around knowledge exchange in the process with a little systematic investigation as to why, when, and how policy knowledge is utilised by decision-makers. James & Jorgensen (2009:143) refers to Weimer (1998:182) in stating that the main critique of policy theory is that policy scientists place greater emphasis on the process and implementation than on the substantive content and the impact that the policy will affect. Chirawu (2012:46) argues that the policy process

should be viewed as a political instrument to secure overall well-being, indicating that policy and politics are compatible and inseparable.

Policies are initiated because there is a perceived idea that the present conditions need improvement. This perception does not always hold true as this perception must be based on concrete experiences that necessitate a policy or changes in current policies. Chirawu (2012:74-75) posited that identifying a problem, including the collation and processing of information and formulating a policy, may not resolve a problem but that inclusivity and consensus hold the key to successful policy formulation and implementation. Policy formulation is a process of mutual adjustment by stakeholders who want their interests met more than rational decision making (Lindbloem, 1965 cited in Hayes 2007). Hayes (2007:41-49) contends that where no agreement is reached on values, the best alternatives cannot be found, and all rationality breaks down with no guidance for policymakers. No individual has to possess comprehensive information about any problem as each participant in the policymaking process has a measure of knowledge that can be useful in analysing the problem. The value preferences of individual actors cannot be accessed, nor can it be determined what impact they will have in the policy formulation process. Policies are therefore not a result of rational choice but instead of political interaction between actors. Policymakers may have or assume they know about some problems, while the cause and effect of the problem or situation need to be completely understood before any rational decision-making can occur. The policy process will be different for each situation. Policy processes are driven by mutual anticipation and adaptation by Stakeholders.

Arshed et al. (2014:639-640) contend that the use of institutional theory contributes to the theoretical understanding of the stakeholders in enterprise policy formulation and that the process of policy formulation is dominated by the most powerful in the organisation. According to Ram and Trehan (2010), cited in Arshed et al. (2014:640), the policymaking process is “a process of argumentation that emerges from dialogue, interpretation, experience and prevailing power structures” Hayes (2007:39) points out that policies result from a rational analysis that culminates in value-maximising choices after all the relevant alternatives have been considered.

Klijn et al. (2007:173-179) observed that policies are complex interactions that emerge through networks, with each network having its theoretical framework. Actors within networks are mutually dependent, and policies will only be realised by cooperation between them. Where networks exist, decision-making on policy content involves strategic game playing between actors who must co-operate strategically so that their objectives can also be achieved. As a result of diverging perceptions and conflicts of interest, collaboration and cooperation between actors are often very difficult to achieve in the policy formulation process. Networks typically

have divided authority structures, with divergent goals requiring a competent process manager to mediate or manage the process. A process manager will guide interactions by providing opportunities to all actors to contribute to the policy formulation process. Participants of networks can lose interest or be discouraged with the game-playing due to priority being placed on some areas in which they have nothing to gain, causing the process to stagnate. Formulating policies where networks exist requires rules of engagement so that actors can depart from minimal interest and pursue their own goals to participate in the organisation's interest.

The policy formulation process is constantly confronted with many challenges. Chirawu (2012:64-69) also alludes to the following as significant challenges in policy formulation:

- i. The initiation process: the moment in which an individual may see a phenomenon that is important and thus deserves to be protected for the utility the individual perceives to be in the interest of the organisation or society at large. The initiation process can be clouded by an overt sense of optimism and utilitarianism but has no clear definition or outcome that will be sustainable in the long term.
- ii. Lack of information: Limited information affects the quality of policies due to stakeholders withholding information because they either seek compensation or some other form of recognition. Wrong and misleading information is as bad as limited good information.
- iii. The involvement of the stakeholders: it is assumed that people are the best source of information in the policy formulation process, but this is not always the case as people are influenced by their own needs and desires being met.
- iv. Political issues: internal organisational politics influences the quality and quantity of information and participation in the policy formulation. Individuals with personal agendas can derail the entire process by stalling progress.
- v. Financial constraints: the policy formulation process can be expensive as a specialist staff has to be acquired to manage the process, and infrastructure must be set up, resulting in increased administration costs.
- vi. Culture and Traditions: organisations employ people from different cultural and ethnic groups, each with different social customs and religious doctrines, with the objective of ensuring that their belief systems are not compromised in the policy formulation process.

Schlager et al. (2013:390) define the policy research process as a study of stasis and change over a period that includes actors acting and thinking individually and collectively, affecting

structures resulting in anticipated and unanticipated consequences. Scholars rely on numerous theories and frameworks to understand the policy process.

Policy formulation requires extensive research and a framework that will allow for structured analysis of all the details required to formulate a comprehensive policy. Sabatier (2007:7-10) contends that theoretical frameworks for policy processes have evolved over the last twenty years and identified seven frameworks; these include:

2.12.2.1 *The Stages-Heuristic Policy Cycle Framework*

The Stages-Heuristic Policy Cycle Framework gives clear direction for the development of policies and allows for critical analysis during each stage of the process, thus encouraging the participation of all stakeholders during every stage. This process allows for problem identification that gives legitimacy to the existence of the policy and, ultimately, evaluation of its success or failure. Sabatier (2007:8) questions whether the Stages-Heuristic Policy Cycle Framework, also known as the process/sequential model as introduced by Laswell (1956), used for public policy formulation, meets the challenges of empirical testing and if the theoretical framework used in the process is not heavily loaded with normative elements in accordance with his four points on framework selection:

- i. A framework must meet the criteria of scientific theory. In addition, its concepts must be clear and consistent.
- ii. A framework must contain contemporary conceptual development and be subjected to empirical testing.
- iii. A framework can contain explicit normative elements, but these must be limited by positive theory.
- iv. A framework must address conflicting values and interests.

Policies formulation stages must be descriptive by searching for the main issues to make the problem easy to understand and interpret. However, policy stages must also be descriptive so that the problem can be transformed into action Cairney (2013: Online). He identifies six stages for policy formulation that forms a continuous cycle:

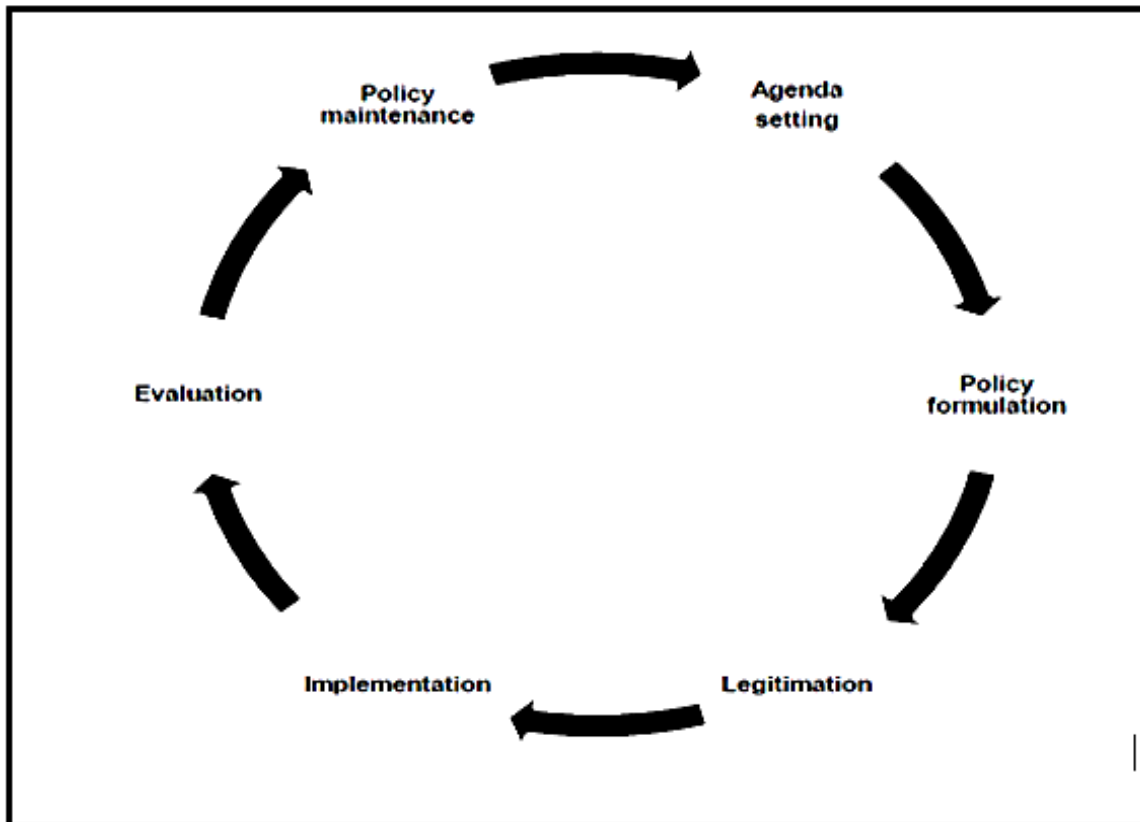


Figure 2.16: Stages-Heuristic Policy Cycle

Source: Cairney, 2013: Online

Agenda Setting identifies the problems that need to be addressed, Policy formulation where the objectives are set, budgets determined and possible solutions debated, Legitimation to secure support for changes by seeking approval from stakeholders, Implementation by ensuring ownership and compliance of the policy, Evaluation is essential to assess the correct implementation of and adherence to the policy to ensure that the desired outcomes are achieved, Policy maintenance regular checking for floors to either terminate or amend areas within the policy.

The Stages-Heuristic policy cycle allows for a process that follows a logical and practical sequence. As indicated in figure 2.16, an organisation must plan, draft, and implement a process to find a solution to any problem. In planning, the problem must be clearly identified to set an agenda for how to solve the problem. Next, a realistic agenda must be set for thorough investigation and analysis. The appropriate stakeholders must be part of a forum that will draft the policy by identifying all the identified problem and solution issues when the policy is formulated. When the policy is drafted, all relevant information must be collected from all possible sources within and outside the organisation. The policy drafting will undergo many formulations to seek legitimation among all stakeholders. During the implementation stage,

the policy must be adopted by shareholders, agents, and stewards of the organisation. Evaluation of the implementation, adherence, and interpretation must be ongoing to facilitate possible adaptation, amendments, or termination of the policy.

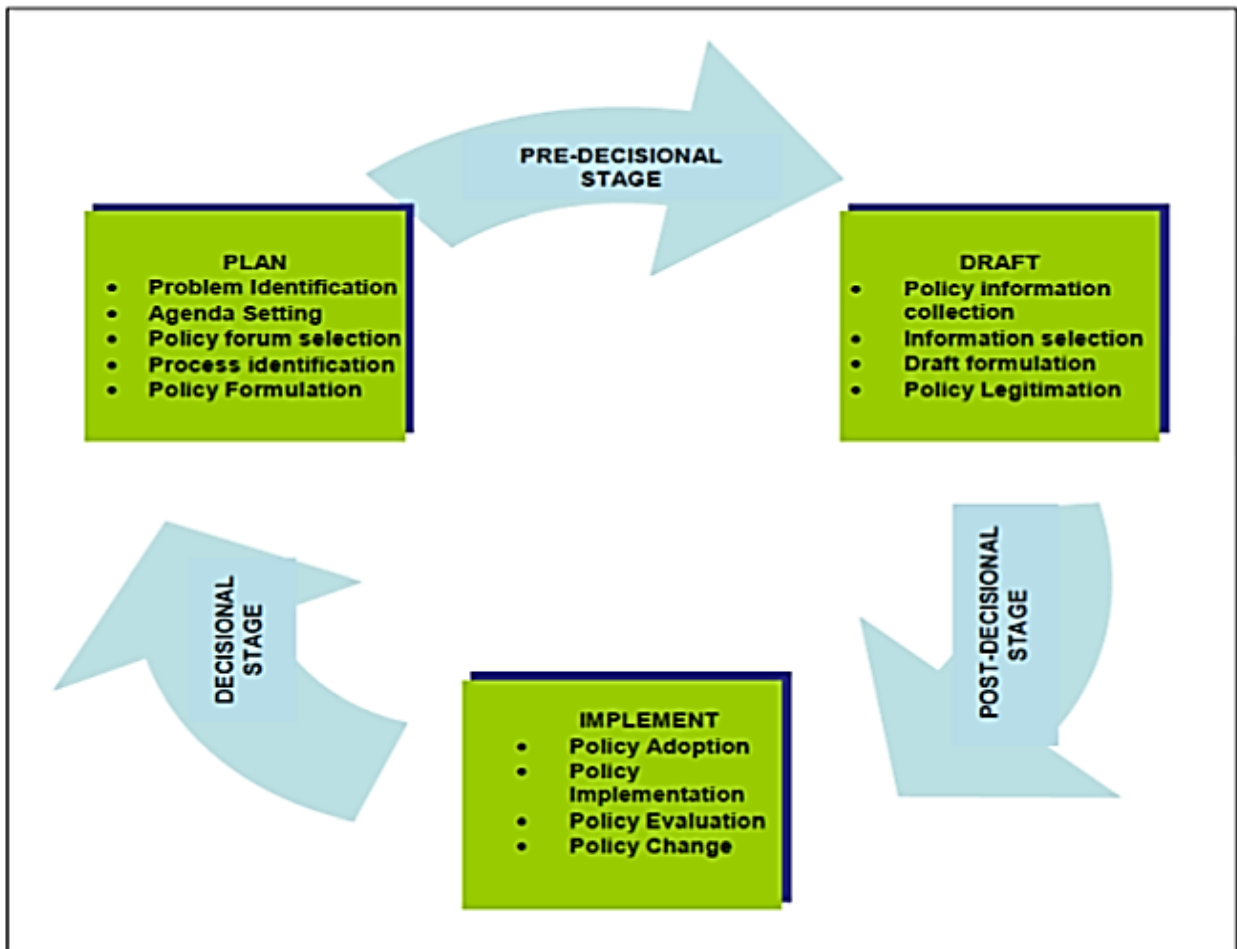


Figure 2.17: Stages Heuristic Model

Adapted from: <http://elearning.la.psu.edu/plsc/490/lesson-1/policy-making-process>

Evidence suggests that the stages heuristic model, as illustrated in figure 2.17, is relevant when policies are developed and can be used with great success within institutions where rational thought processes are required to influence a specific outcome.

2.12.2.2 Institutional Rational Choice Framework

Institutional Rational Choice (IRC) is based on several frameworks in which institutional rules and policies are used to influence the behaviour of targeted rational individuals who have their self-interest as their primary motivator, according to Sabatier (2007:8). IRC thrived in economics, as observed by Foy (2018:17-18), as empirical validations could be made by using

predictions involving economic behaviour allowing irrationality in some instances while affirming rationality in most circumstances. This theory defies normative social arrangements but suggests that rational individuals will become “free riders”, expending minimal effort to obtain maximum reward by not getting involved in collective efforts to initiate change—economic individualism clashes with the collectivism required for decision-making. Wittek et al. (2013:24-26) state that “Institutional embeddedness” creates an obligation on individuals who are part of or perceived to be part of social networks within an organisation, directing them to move with the inherent group norms and conduct. IRC has directed and influenced change in many formal models in institutions. Popa (2015:230-242) highlighted that those beliefs are considered as fact while some moral values and decisions are regarded as appropriate, thus creating the presumption that they are rational. Rationality is thus used to justify all actions; this then gives legitimacy to the IRC process. Hofer & Green (2016:134) contends that beliefs form a critical part of institutional decisions as they form the substantive core of the content of stakeholder judgments and opinions. These beliefs are institutionalised in the choices organisations make in respect of their policies and value systems. There has to be specificity around the situation in which rational actors operate as rationality involves many assumptions, particularly about the institutional facts confronting them (Blaug 1992:232). Rational individuals who attempt to change their circumstances initiate policy change, according to Bromley (1989:252). In the IRC, there is a presumption about the decision situation in which the agents for change of policy find themselves. These include the resources available to them to initiate and support change, their ability to process information, how they value the outcomes of their actions and what criteria they use to select their actions Ostrom (1990:132). When agents make a policy-change choice, they consider the benefit to themselves and the cost that may result from their actions.

Where rational choice is allowed in policy formulation, collective belief systems may differ from prevailing policy directives or other perceptions held within the organisation; this will lead to multiple streams of opinions and beliefs, causing more confusion. Schlager (1996:653) in referring to Ostrom (1990:132;199;241) concludes that institutional change identifies resources required to bring about and sustain change, the ability to process information and how they value the outcomes of change as presumptions about the characteristics of actors seeking institutional change within a decision structure. This decision structure involves the framework of rules that define the permitted actions, the attributes of the operating environment, and the constitution of the community affected by any change. Actors advocating rational change cannot change the community in which they operate directly but will seek to improve circumstances and create situations that will change institutional arrangements, moving individuals to recognise improvements. It is assumed that rational actions are

constitutive of individuals and that they act because of their belief systems or desires and may opt to make changes in their choices when presented with empirical evidence. Rationalists make three assumptions about rationality firstly, that their actions are purposeful, that all their actions and behaviour are directed to the attainment of a specific goal, secondly that individuals have a choice, that they choose their strategies from a myriad of alternatives and lastly, that agents from their situation will make the best choices. Rationalists refer to this as their intentionalist framework, using the perception that beliefs and cognition will steer decisions, inferring that the “objective external world” affects the actions of people because the desires and beliefs of the “subjective internal world” are influenced by what the individual sees and experiences (Lichbach 2006:39-42). Taking a firm position on rational choice, Kincaid (1996:158) insists that structure creates constraints for individual choice, emphasising that the macrostructure dispenses preferences and beliefs, thus providing equilibrium.

2.12.2.3 *The Multiple Streams Framework*

According to Sabatier (2007:9), the Multiple Streams Framework was developed by John Kingdon (1984) using the “Garbage Can Theory” for organisational behaviour that was developed by Cohen, March, and Olsen (1972). The Multiple Streams Framework makes use of three streams of stakeholders and processes. Knaggard (2015:450) states that the Multiple Streams Framework provides a good tool for understanding the policy process and agenda setting using the streams of Problems, Policies and Politics. He asserts that the problem broker frames the public problems and seeks justification from the policymakers using personal knowledge, values and emotions when framing the problem within a political environment. Problem brokers must understand the environment in which they operate, particularly the politics they will face when seeking credibility for their views. Hickman (2010:55-56) emphasises that the reliance on the collaborative capabilities of members within an organisation generates a logical means during turbulent environments for leading change. However, leader-focused structures that are authoritarian and inclusive of a shortage of decision-making models and experience make it difficult for beneficitation from the collective capabilities of groups; thus will the effective use of group capabilities mostly be reliant on cultural proficiency, adaptive work environments, organisational learning and an inherent willingness to experiment within an organisation.

According to Zahariadis (2016:4-5), the Multiple Stream Framework is a ritualistic process with ambiguous messages resulting in conflicting interpretations that exclude some stakeholders from decisions without any priori preferences. He states that participation does not fully include everybody in every arena of the organisation and that the Multiple Stream framework does not reject but enhances rational choice. In supporting the garbage can theory as a conceptualised choice process, he suggests four elements: choice opportunities, problems, solutions, and

decision-makers. These four elements are brought together at the arena of choice and interact to create temporal logic that depends on when each element arrives and departs from the arena of choice. In the interaction of the elements within the “garbage can” at the choice arena, opportunity problems and solution leads to problem-solution. Finality is capricious because decision-makers move in and out of the choice arena due to their other involvement within the organisation. In his review of Kingdon (1984), Zahariadis (2016:5) examines the three streams of the Multiple Streams Frameworks (Problem, Policy, and Politics) and states that the policy entrepreneur is the primary facilitator of choice and indicates that choice opportunity is linked to the problem or politics. Problems are those aspects that diverge from the social or desired norm, while policies are suggested ideas proposed and debated by strong advocacy that will debate concerns within a narrow policy community and politics, including micro and macro environmental desires, regulations and hopes.

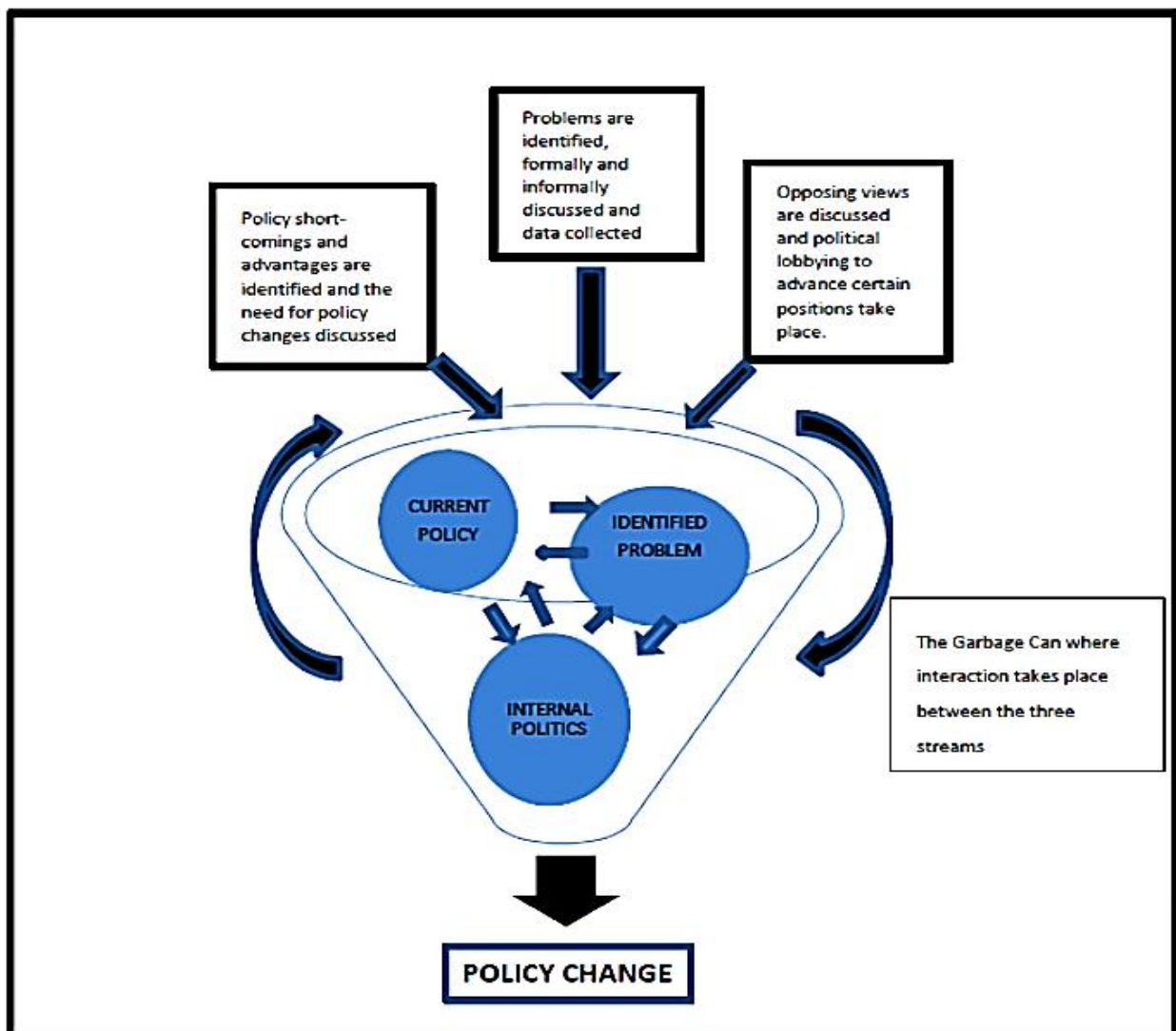


Figure 2.18: Multiple Streams Policy Framework Model

Figure 2.18 shows the interaction between the different steams of influence on policy change. The catalysts for policy change are identified problems, inadequate policies, and internal politics. Identification problems in the financial services industry include fraud, inappropriate decision-making by the misinterpretation of policies by employees, inconsistent instructions given by management or the non-existence of any procedural directives. Problems that employees have identified are informally discussed and could lead to dissatisfaction until it is brought to the attention of formal structures within the workplace.

The formal structures in workplaces will facilitate processes to address concerns raised by affected parties, allow for formal assessments of problems raised, and collect all the relevant information. Agents of change will have differing viewpoints about the problems and envisage contrasting solutions to appease their own interests. Groups will lobby for support for their position and force for an outcome that satisfies their needs. Solutions need to be sought from a chaotic situation, differing viewpoints and expectations. The “garbage can” allows for vigorous debate that will result in a policy solution that will in some way satisfy everyone to some degree. The solutions bring stability until something drastic happens that punctuates the equilibrium established by existing policies.

2.12.2.4 *Punctuated-Equilibrium Framework*

The Punctuated-Equilibrium Framework was designed by Baumgartner and Jones (1993) and is used chiefly in governing public expenditure. Romanelli and Tushman (1994:1141-1145) assert that the framework is used within organisations that evolve through long periods of stability punctuated by short bursts of change or revolutionary periods. Revolutionary periods commonly disrupt the prevailing stability. He contends that very little empirical validity provides evidence for the models’ argument. The central hypothesis of the Punctuated-Equilibrium Framework is that periods of organisational transformation are radical and brief, and that the transformation is typically characterised by individual subunits within the organisation that will deal with one problem or goal at a time. These subunits are often disjointed and short run. Resistance to change is the main obstacle that subunits face, and it is often difficult to influence other subunits. This theory posits inertia as the prevailing state of organisations. Woodman and Pasmore (2005:211) posited that organisational transformation is generally initiated by organisational leaders who recognise conditions within the organisation that are a possible threat or provide a new opportunity, suggesting that environmental pressures could also initiate transformation.

2.12.2.5 *The Advocacy Coalition Framework*

The Advocacy Coalition Framework was developed by Sabatier and Jenkins-Smith (1988, 1993). This framework focuses on interactions between coalitions within organisations that

advocates for the same beliefs within subsystems that prevail within organisations. Stritch (2015:438) indicates that advocacy coalitions comprise people who share normative and causal beliefs and that there must be ideological and behavioural components that bring the advocacy coalitions together. He distinguishes between advocacy coalitions and advocacy communities. The difference is that advocacy coalitions share ideological beliefs and engage in coordinated activity, while advocacy communities share ideological beliefs but do not engage in coordinated activities. Advocacy Coalitions can also be seen as a nascent policy subsystem formed to deal with emerging issues within an organisation. Jenkins-Smith et al. (2014:485-486) posit that stakeholders within the Advocacy Coalition Framework who forms part of a policy subsystem also called “policy elites” are bounded by the limitations of their minds and are only capable of bounded rational thinking created by the tractability of the problem. They contend that internal belief systems move from the general to specific, identifying “deep core” beliefs as those that which is normative and ontological and that these beliefs are not easily changed. In contrast, “policy core beliefs” are different from “core beliefs” as these are formed by institutional cognitive defences because they are developed due to the general welfare of the organisation’s operations. Experience is a catalyst to change in policy core beliefs.

Daly (2011:20) states that a quality idea may be of no significance within a political environment if there is crafty advocacy that can garner support for the idea. Moreover, highly skilled advocates can make bad ideas sound good and good ones sound bad by using advocacy to prolong decision-making. Lindberg (2013:132) alludes to four cases in which Advocacy Coalition plays a role in policy changes:

- i. Policy change is dependent on the internal learning that the coalition experiences, in which new knowledge and expertise form the core of the policy process; this is dependent on stable external structures.
- ii. Significant changes in a subsystem are influenced by external factors that influence and modify core beliefs.
- iii. The internal subsystems realise that current policies have failed or require change.
- iv. The realisation that compromises need to be reached between subsystems.

Wilks (2012:128-130) advises that one of the main contributions any coalition can make is to act to empower others in achieving their goals, particularly during advocacy. Taking Henderson and Thomas’s non-directive approach to coalitions, he suggests that subsystems must be focused on the task at hand, have clarity about their purpose, regularly provide the group with summaries of discussions and decisions, maintain gatekeeping so that nobody

dominates and full participation of everybody is encouraged, mediate conflict within the group and making information available to everyone.

2.12.2.6 Policy Diffusion Framework

The Policy Diffusion Framework was developed by Berry and Berry (1990, 1992) and moves from the point that policy choices made at a specific place at a particular time are always influenced by circumstances and choices made at another place and time. Weyland (2006:58) states that where social policy is developed, the normative and symbolic appeal will influence policy diffusion, enhancing groups' interests with little concern for international legitimacy to advance redistributive decision-making. However, it is acknowledged that in specific fields, such as health care, policy diffusion has been influenced by the objective of international legitimacy. According to Jale and Aurel (2016:534), the analysis of policy diffusion research is increasing in social and economic sciences, but they warned that policy diffusion is limited by democratic bias. Funk (2017:32-37) states that many firms direct their legal and regulatory obligations that result from national and local policies by attempting to influence policymakers within their environment. Government has an immense influence on corporate behaviour. Market actions have a direct influence on policy changes. Firms will make policy changes when they bring new interpretations to their existing rules. Market actions can affect and effect policy changes; these actions are at times the result of political influences by politicians who want to influence and promote social and economic reform relating to employment creation and economic growth.

2.12.2.7 The Funnel of Causality Framework

According to Matt (2016:721), the Funnel of Causality Framework theory has had limited appearance within policy literature, and the framework is a method that looks at how inputs derived from many sources impact policy outcomes. Sabatier (2007:275) argues that individuals cannot retard or block any policy changes or influence any level of action within an organisation to reconstruct rules and decision making but accepts that changing action arenas is a vital contributor to the change process and a tool for policy entrepreneurs. He thus argues that the influence of the Funnel of Causality is vital for the process of policy change and manipulation. Using and adapting Rochester's (2010:85) model on An Alternative to the Billiard Ball Model: A Multi-Causal Framework, the sources from different inputs can be identified and their impact anticipated with the ultimate influence on policy decision-making envisaged.

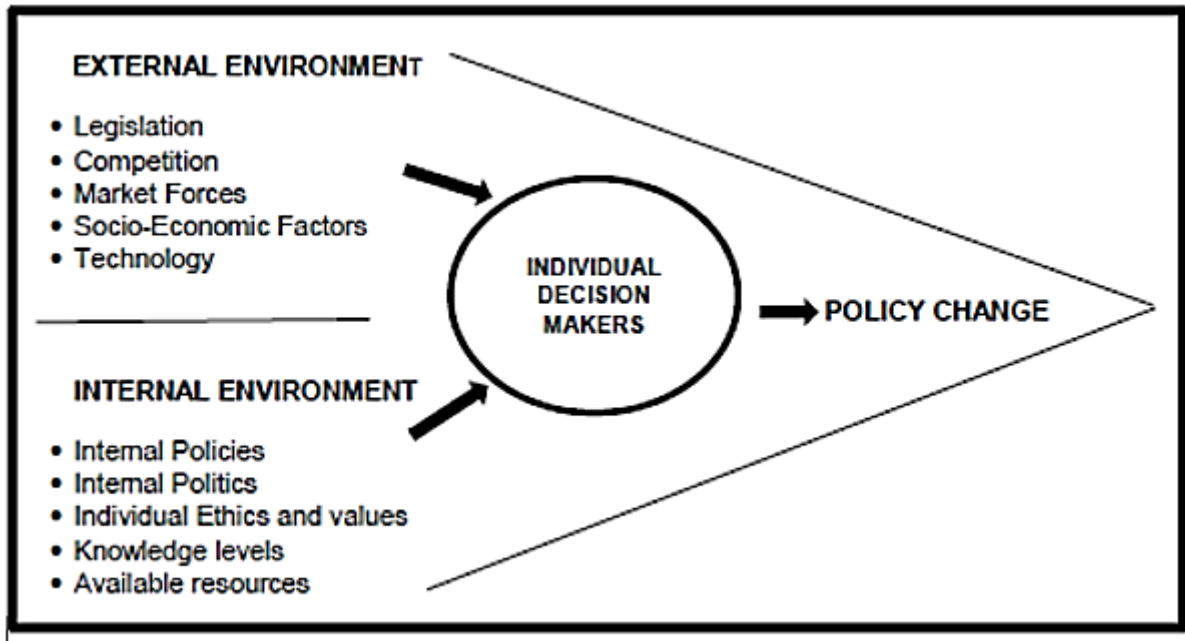


Figure 2.19: Funnel of Causality Framework Model

Source: An Alternative to the Billiard Ball Model: A Multi-Causal Framework. (Rochester, 2010:85)

The external and internal environments in which the agents of change and the decision-makers operate directly impact the outcomes of policies. Individual value systems determine reference points for decision-making and policy formulation. Values can be competing and may provide various options or recommendations for policy content.

2.13 COMPETING VALUES IN POLICY FORMULATION AND DECISION-MAKING

It is a delicate endeavour to balance conflicting value systems in policy formulation. Williams and Fang (2019: 101-102) note that the Multiple participant-multiple criteria decision-making model (MPMC) is famous for decision-making and problem solving as it provides a comprehensive structure for addressing situations in which conflicting interests and high uncertainties prevail. The MPMC does allow for the inclusion of large numbers of participants but cannot consider each participant's values. The value-focused approach to policy formulation has its foundation in the MPMC, recognising that problems in decision-making will exist, values must be specified, alternative options must be created and evaluated with the best alternative selected, taking the "decision-priority" into account to incorporate most values. However, in policy formulation, it is observed that not all values hold the best solution to all problems. Figure 2.20 gives a diagrammatic representation of the William and Fang (2019:108) interpretation of the MPMC. The diagram shows that when a problem is encountered in situations where a dichotomy exists between stakeholders' values in policy

resolution, the problem may be resolved when congruence is sought between the political and administrative realms.

The political realm will encompass the founding documents, mission and vision, existing policies, and strategic plans. This covers the governance documents of the organisation. Once the identification of a decision problem occurs, the administrative realm is entered. The historical processes established and entrenched over a long period form organisational values. Organisational values are considered before individual values come into play, as these values can guide individuals as to what the established norm for a particular problem outcome could be. These organisational values may or may not subscribe to by individual values of participants as some of the participants may have been catalysts to establishing the prevailing values, and others not. Participants will unceasingly influence organisational values in decision-making while determining their viable options. When participants had made their determinations, they would then consider the consequences of their options in scenarios. These options and scenarios will be matched against the organisation's values and that of the individual and ranked in order of preference. Preferences will be measured against the organisational strategic plans and value systems where unstable policy decisions are anticipated, or policy decision equilibria are reached. Should no satisfactory outcome be reached, the process may repeat until a satisfactory resolution is reached.

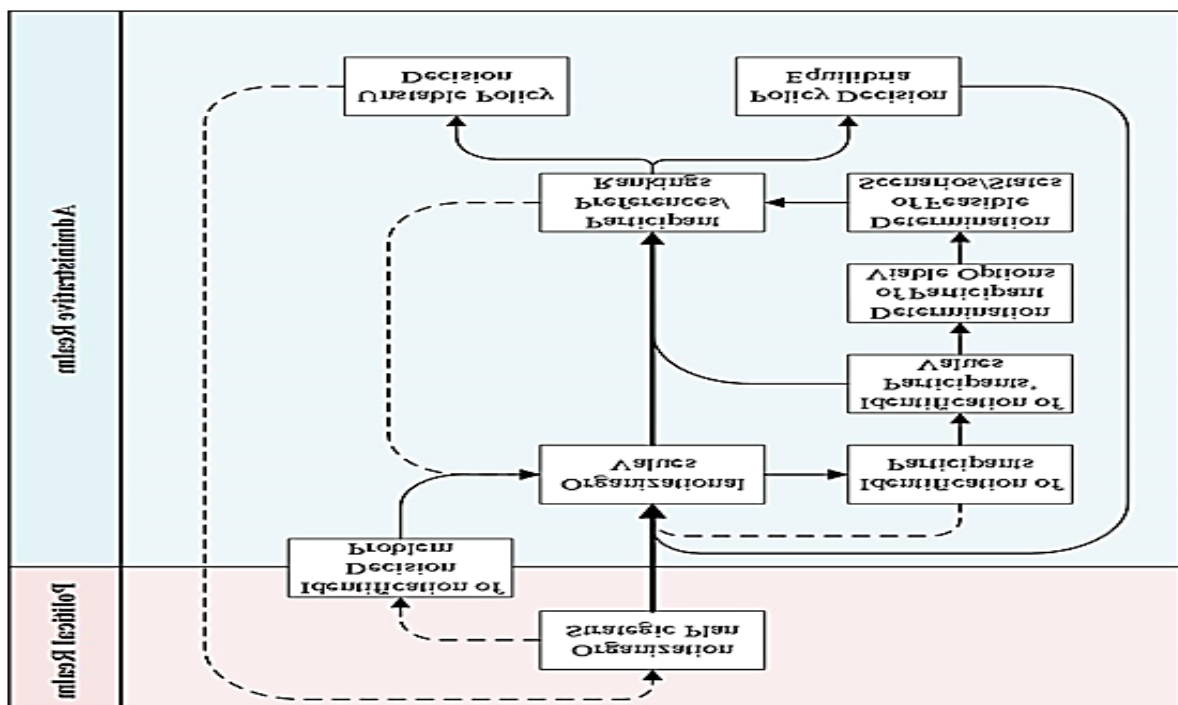


Figure 2.20: Pictorial representation of the value-focused MPMC decision support approach.

Source: William and Fang, 2019

Several scholars have attempted to conceptualise the complexity of competing values within organisations. The Competing Values Framework (CVF) by Quinn and Rohrbaugh (1983) did much in assisting managers in unravelling the complexity of competing values for managers. Gibson et al. (1991:581-582) contend that values have a profound influence on the decision-making process (1) when objectives are established, value judgements are made regarding how assignments are prioritised and opportunities selected, (2) value judgements are required when alternative possibilities are developed, (3) the values of the decision-maker influence on choosing alternatives, (4) when choosing a means of implementation value judgements are necessary and (5) value judgements are vital when controlling or evaluating processes.

According to Cooke and Slack (1991:52-54), the operationalisation and characteristics of values play an essential part in decision-making as individuals are not always aware of how their behaviour exhibits their values, and make decisions from their value orientation, therefore inherent subjectivity will at times diminish logic and rationality that will result in some information being ignored or deliberately left out in the decision-making process. The rejection of data for decision making can be an unconscious act where the administrator is genuinely unaware of the decision process as our value system can be screened below the conscious level. Value judgements are often made regarding the utility the decision brings to the employee. In financial services, administrator values are very seldom consistent. Values are triggered by individual stimuli as individuals judge according to a sub-set of their value systems and the environment's nature and circumstances that influence decision-making. Leaders in business and employees began to understand that workspaces are subject to environmental forces, each with its value systems and cultural objectives with the power of influence. Landekić et al. (2015:627) identify organisational culture as the result of learning and that individual managerial staff will have a determining influence on the culture of employees, shaping behaviour and policy practices, noting that the CVF recognises the complexity of organisational culture, the internal and external forces influencing the stability and flexibility of the structure. In making sense of the CVF model Ferreira (2014:87-88) uses the model of Quinn & McGarth (1985), figure 2.21, to illustrate how to assess organisational culture in understanding competing values.

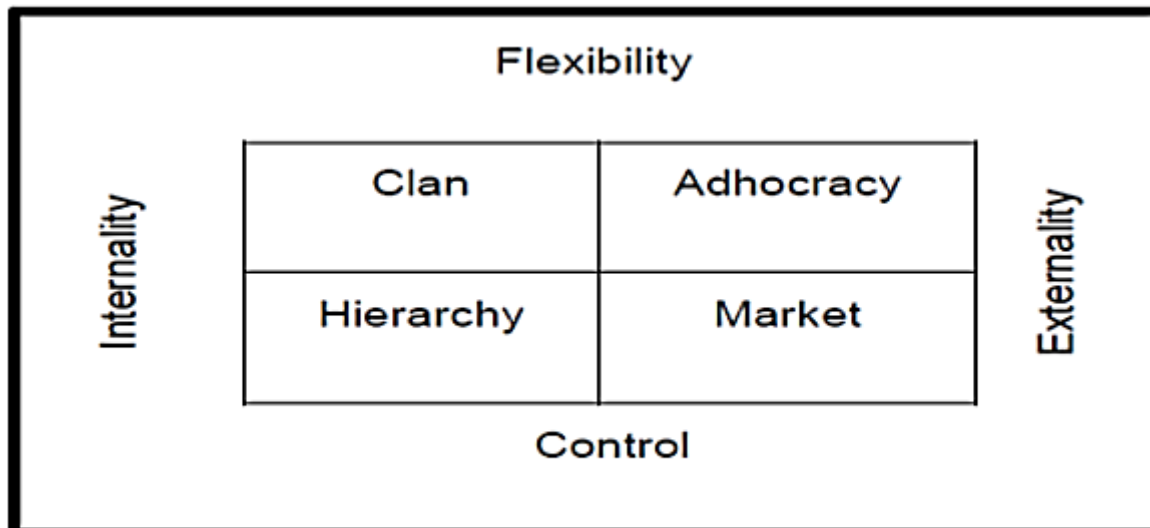


Figure 2.21: Competing Values Framework model

Source: Ferreira, 2014:87

The horizontal axes consider an internal vs external orientation. The internal orientation focuses on a singular and integrated value outlook, while the external orientation refers to aspects of differentiation to increase market share and be more customer-focused on their value system. The vertical axes examine the relationship between flexibility and control. Flexibility in innovation and creativity can compromise values while control fosters regularity within a structured environment resulting in standardised processes and outputs. Clans operate within organisations and are strengthened where the flexibility of opinion is allowed as it creates opportunities for them to be innovative in sustaining their values by gaining trust among members and recruits. Where the levels of clan infiltration are high greater coherence is achieved. Competing values are diminished when organisations operate more harmoniously. Adhocracy is more externally orientated as it is empowered and supported by flexibility in the structure. External forces, including competitors, market forces, and prevailing innovation in management processes, including new product design, allow organisations to be creative and adapt to the changing environment. Adhocracy encourages risk-taking resulting in movements in value systems. Market culture is an external force that invades and manipulates organisational structures, influencing decision making to guarantee competitiveness to acquire market share. Hierarchies are established within organisations and reinforced by organisational structures becoming internal control mechanisms expecting conformity from employees through predictable behaviour. It, therefore, becomes a matter of “he who holds the power directs the policy”.

2.14 POLICY AND POWER

Arts and Van Tatenhove (2004:339-341) observe that policy study had undergone numerous renewals by introducing a new vocabulary to describe the power and policy process. Policy is situated between “power” and “rationality” between the advancement of self-interest and substantive argumentation. Policymaking presupposes power as policy gives agents the power to mobilise resources; thus, the structural properties in which power is embedded enable or disable agents to act. Hodge and Anthony (1991:483) define power as “*the ability to impose one’s will on others*” and authority as “*power that the organisation formally sanctions*” Policy change cannot take place without strategy intervention driven by agent power that is institutionalised within a structure. Foucault (1984:89-90) disputes the theory that power is linked to institutional structure and agency but insists that power is achieved by social discourse with knowledge and legitimate behaviour playing a crucial role in affecting policy change. Arts and Van Tatenhove (2004) and Giddens (1989) find the power framework of Foucault thought-provoking but emphasise that structure and agency control the domain of power and policy. Consequently, terms such as “governance, discourse, networks, trust, participation, interest groups, institutional capacity and interdependence” have become the subject language.

The proclivity to re-evaluate policy content by using organisational aspects impacted upon by internal politics and who controls the power in the workplace as the driving force in policy formulation has become common among policy theorists since the 1970s and 1980s. The new norm assumes that policy making is conceptualised by institutionalised arrangements between “agent” and “structure” through discourse and rationalising different interpretations of phenomena. Power is fundamental in the policy process as those who hold power shape the political process in designing policies. However, the capacity to argue in deliberations on policy content may not be equally distributed among “agents” as the power or capacity to affect change may not be evenly dispensed. The “political arrangement approach” was adopted by Van Tatenhove et al. (2000) to understand the shifts in governance in the policy process and the changes in classical vocabulary of the phenomena. The “policy arrangement approach” emphasises: (1) the multi-actor policy approach as being established within organisations, (2) structuration (Giddens 1984) as the foundation of policy practices, (3) the role of all stakeholders in the policymaking process and (4) the value and interplay between substance and organisation.

Robbins (2017:368) defines power as “a capacity that *A* has to influence the behaviour of *B* so that *B* acts in accordance with *A*’s wishes”. He concludes that power can exist with the potential or capacity to use it. The power relationship depends on *B*’s dependence on *A*; the more significant the dependency, the greater the power. *A* has power over *B* because *A* has

control over what *B* desires. In order to categorise power, it needs to be understood where power comes from and what gives individuals or groups domination over others so that they can influence them? Schermerhorn et al. (2008:214) describe powers as “*the ability to get someone else to do something you want done, or the ability to make things happen or get things done the way you want*” According to Phillips and Gully (2012:332) power is employed by people to influence behaviour by using influence tactics to coerce others to act favourably. This can be done by forming coalitions with others to persuade people to see things your way. Flattery or praise is also a way of gaining the support of others to support a viewpoint and increase power coalitions.

Robbins (2017:398-370) identifies two main categories of power, Formal Power, and Personal Power. Formal power is derived from the position one holds within an organisation that gives legitimacy to the authority the person has to coerce and reward others. Personal Power is derived from an individual’s character, personality, experience, or qualification. In table 2.9, the two categories of power are divided into types of power, a definition for each type and give an example of how the power is exerted within the workplace between two characters, *A* being the person with the power and *B*, the subordinate. The power dynamics illustrate the coercive influence authority or legitimacy has, and the persuasive control reward exhorts on individuals in formal power situations, while expertise and reference appeal to the influence of admiration of personal attributes has on subordinates' reactions.

Table 2.9: Formal and Informal Power Source: Adapted from Robbins, 2017:398-370

FORMAL POWER: Power derived from the position you hold.		
<i>Type of formal power</i>	<i>Definition</i>	<i>Example</i>
Coercive power	Power that is dependent on fear of negative consequences when failing to comply by using threats or the infliction of physical and psychological pain	A telling B that he will have a reduction in salary, demoted or dismissed if he does not comply with an instruction.
Reward power	Power derived from having people comply in anticipation of a reward or positive benefit.	A promises B an incentive bonus if he achieves a certain outcome
Legitimate power	Power acquired from authority gained from a formal position within the hierarchy of an organization over subordinates.	A is the supervisor of B and can give B any reasonable (legitimate) instruction to execute that his authority allows A to.
PERSONAL POWER: Power derived from an individual's distinctive characteristics, personality or qualifications.		
<i>Type of personal Power</i>	<i>Definition</i>	<i>Example</i>
Expert power	Power wielded because of expertise, experience or knowledge	A has more knowledge and experience than B therefore B has to be subordinate to A.
Referent power	Power attained because of respect or admiration others may have for you	B wants to please A, because the recognition or acknowledgement by A makes B feel good or accepted above B's peers.

Power can be used to manipulate subordinates when policies are designed in order to secure outcomes envisaged by those in authority. Arts et al. (2004:347-352) state that policy creation is dynamic and takes place in an innovative and politicised environment by various agents who define problems make suggestions for solutions and implement them in the organisation's interest. Policy outcomes are always biased, favouring one or other person or group that has the power to influence people or decisions. Policy innovation agents will always strive to enforce their desires, using relational power as indicated in table 2.10. In the interaction

between policy and power, the owners of power have situational power that can be relational, dispositional, or structural. This power gives focus on an outcome that gives rise to an action.

Table 2.10: Three layers of power (Source: Arts and Van Tatenhove, 2004:350)

Type of power	Focus	Policy concept
Relational (transitive & intransitive)	Achievement of policy outcomes by agents in interaction	Policy innovation
Dispositional	Positioning of agents in arrangements mediated by rules and resources	Policy arrangement
Structural	Structuring of arrangements mediated by orders of signification, domination and legitimisation	Policy modernisation

Relational power is based on the influence interpersonal relationships have on the organisation; it is the psychological empowerment of the collective (Wilke2011:980). Influence is most dominant in relational power. In owning a relational power policy, innovation agents will find it easier to convince conservative forces to support their viewpoint to retain (intransitive power) or change (transitive power) the status quo. Policy agents use relational power to establish relationships to dominate others. In the relational power, position policy innovation can take place.

The achievement of policy outcomes is attained due to the interaction and lobbying by policy innovation agents. When policy outcomes have been achieved, agents are left with dispositional power because of their placement concerning the power position they have gained or have been placed in. The positioning of agents will then determine the influence they now have in terms of their relational power over others. Coalitions will change as political emancipation of some of the conservatives may have taken place as the custodians of power and agents of innovation have also shifted. Every activity and all arrangements within the organisation are now guided by rules and resources as dictated by the policy arrangement. Dispositional power allows for the formation of structure within the organisation as the rules that had been established enforce regularity of conduct and activity. Structural power will now be in force, regulating operations, values, standards, and processes through policies. Structuring of arrangements by significance and domination brings legitimisation of existing policy agents. These policy agents who have authority granted them by policies to which

everybody has to adhere will now autonomously change the way the organisation operates to enter their political power. Structural power is the conduit for political modernisation. Structuration influences decision-making. In a structured environment, those with power have legislative power and interpretative power. Legislative power is the authority to develop and implement policy, and interpretive power is the competence derived from the authority to explicate the content of policies. The power to influence policy can also be vested within organised labour through their unions. The determinants of power are the indirect measure of the power given to an individual or group at a particular time (Hodge and Anthony, 1991:493).

A well-organised workforce with solid union representation can use collective bargaining to persuade management to capture their viewpoints in policies to protect their interests. Collective bargaining can affect the balance of power in the workplace and change the strategic direction of an organisation as organised labour has the power by cohesion or threat force policy changes. Haw et al. (2018:997) reviewed the issues on labour power and stated that collective bargaining inclusive of workplace representation is a right that employees have that is enshrined in law. These laws grant employees' rights and latitude to participate in decision-making and transform the workplace. However, the intertemporal variation of labour-power makes it very difficult for managers to guarantee a stable workplace and the consistent implementation of policies as the needs and demands of unions are not constant but change regularly. To facilitate an efficient, productive workplace bureaucratic process had to be created to minimise power games between management and employees in policy formulation and implementation.

2.15 THE INFLUENCE OF BUREAUCRACY IN POLICY FORMULATION

In referring to Majone (1989), Head (2015:472-473) reinforces the conviction that the policy formulation process is inescapably linked to political values where political objectives are expressed in the preference agendas of role players. These preference agendas are achieved by lobbying support among like-minded individuals and using legislative tools to advance an objective. Moynihan and Soss (2014:320) note that "Policy feedback denotes the potential for policies to transform politics and influence future courses of policy development" Political interests are the catalysts for the formation of bureaucratic structures as a vehicle to advance individual and group political ambitions. Policies are not laws, but it shapes the politics that pervade workplaces as policies must be translated into administrative and operational procedures. Guy (1990: 139) strongly warns that when administrative ethics become intertwined with internal political strategies, the ethical dilemmas of the organisation become complex and very difficult to separate. The political influence that policy formulation and implementation have cannot be undermined as it has far-reaching consequences for the structure of organisations, the power position between employer and employee and the

economic sustainability of a business. Wherever power relations exist, bureaucratic organs are established to protect the interest of role players who are ideologically connected. Bureaucrats can disrupt administrative processes by questioning operational processes captured in policies to transform policies to facilitate greater efficiency, change operational processes, or achieve a selected agenda. The classic view suggests that bureaucrats will not have any role in policy decision-making but only in its implementation or limited discretionary power in selecting the best tools for carrying out the policy (Fabio Pereira and Fernanda. 2006:3-8). This limited role was held by Max Weber (1993), who believed that bureaucracy was characterised by meritocracy, rationality, and the steadfast adherence to norms, where bureaucrats displayed a sense of usefulness and affinity to the implementation of policies. Studies on the idea of bureaucracy did not conform to the notion of separation between political (employee unions) or bureaucratic stakeholders. Aberbach et al. (1981:89-94) argued that a hybrid discharge in policy formulation takes care of this dichotomy that has the effect of politicising the bureaucrats and bureaucratizing the politicians (Employee unions). The result is that employees will now engage with the distributive effects of policies using the rules and regulations that justify their position rigorously, while bureaucrats negotiate by using political techniques to outwit union representatives to achieve their goals. Bureaucrats are usually affiliated with epistemic communities sharing the same perspectives and objectives that assist them in policy formulation and guide policy implementation. Bureaucrats are confined to rules and regulations and operate in the confines allowed by these restricted guidelines when giving input to policies. They act on informed values, limited resources, personal experience, and a frame of reference; the structure in which they operate empowers them.

Erasmus (2000:244), in referring to Gibson et al. (1994), states that bureaucratic business models are designed to emphasise high production by using rules through centralised authority and specialised labour. Formalised supervision is entrenched by bureaucratic control, resulting in rigidity and standardised management behaviour that diminishes flexibility and impedes innovation and creativity (Hitt et al. 2017:222). Rigid bureaucratic structures can stifle policy formulation as the process followed can be retarded with too many activities and checkpoints. On the contrary, it may enhance policies' quality and accuracy, resulting in fewer misinterpretations and lengthy interventions to correct them. The rigid adherence to rules has many unintended consequences for organisations and will stifle communication and reduce efficiency. Very bureaucratic organisations are more inefficient as the structure allows for too many interventions. Stringent compliance to rules, including policies, may have unanticipated consequences on organisations' operations, adversely impacting operational efficiency. This could negatively affect relationships between staff members by reducing trust and establishing sub-cultures and cliques. In unionised environments, rules are seen as mechanisms instituted

by bureaucrats to control rather than making processes more efficient as staff can feel targeted by the liberal and targeted application thereof. Haruta (2010:63) asserts that there is no way of determining the level of influence that middle and high-ranking officials have on the policy formulation process before the negotiation and bargaining process starts. In most cases, resources are distributed to manipulate interest groups, and draft policies have already been distributed to influence decision-makers.

Bureaucrats have the most significant power of influence as they are usually the leaders of the policy formulation process and have power and authority over subordinates by delegating their preferred outcomes to others to achieve. Significant discretionary power is given to middle- and high-ranking employees when policies are formulated as subordinates usually assume that these individuals have the most experience and knowledge, resulting in the indirect establishment of bureaucratic workflow processes and lines of reporting. Bureaucrats operate within an environment that empowers them; the causes and consequences manifest in how they assert their bureaucratic power. Meier and Bohthe (2007:113) contend that policies are influenced by bureaucrats who are involved in the distribution of resources, policy manipulation and adjudication, rulemaking, and policy change proposals. Olsen (2006:18), in arguing the legitimacy of bureaucracy in the workplace, states, "Bureaucratic organisations and the success criteria in which it is embedded are still with us. Bureaucracy is the institutional custodian of democratic-constitutive principles and procedural rationality, even if in competition with other institutions embedding competing criteria of success. Bureaucracy also has a role as a tool for legislators and representative democracy and is positively related to substantive outcomes valued in contemporary democracies, by some more than others". According to Meier and Bohthe (2007:43), inferences can be made about the influences of bureaucratic power, as shown in figure 2.22.

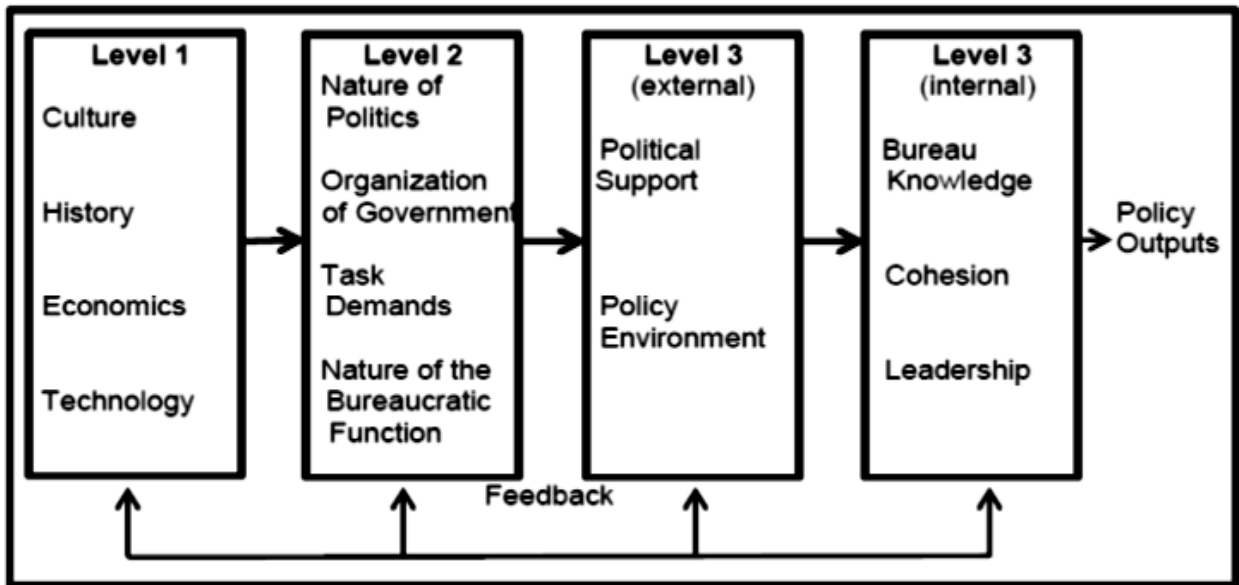


Figure 2.22: Causes and consequences of bureaucratic power (Source: Haruta, 2010:69)

Level 1 indicates the environmental aspects of culture, history, economics, and technology. This level is established and sustained by the life cycle of the organisation. Organisational culture is instilled over time and reinforced by the history of events that led to the initiation of policies or rules. Staff members who have been at a company for long periods have historical memory and can use their information to manipulate policy decisions. The viability and sustainability of the bureaucracy are underpinned by a strong economy that makes the appointment of individuals in power positions possible. Technology, in particular, that which requires skill, experience, and qualifications, allows for subgroups with the “power of knowledge” over others to exist. Level 2 shows how the factors enable subgroups in positions of power in level 1 to achieve a bureaucratic function by being selective in the task demands made on them or by the others. This level narrows the agents of influence and the nature of their political domination. In level 2 those with power can direct what is essential, who rules the political arena, how power is distributed and how they can gain more control over others. Level 3 is divided into two domains: the external domain in which support from peers and subordinates is required. In the external domain, the bureaucrats seek political support to influence policy positions held by them within the policy environment. In the internal domain, knowledge and support of other power players is essential for the cohesion of others. Displays of consultative- and democratic leadership are necessary to coerce others to ensure that policy outputs meet their requirements. To achieve the envisaged policy outcomes, continuous feedback between all environments of the bureaucratic agency is necessary within a social contract that facilitates ethical decision-making to engender commitment to the policy content.

Bureaucratic agents must identify with the institutional objectives and be committed to the policy formulation process.

2.15.1 The Influence that Commitment and Identity has on policy formulation

Davidson (1992: 52-54) describes commitment as a quality that is sought after in relationships in business so that trust and stability can be established as commitment will provide security with a single-minded determination that assists in overcoming obstacles. Taylor et al. (2008:503) define organisational commitment as an attitude and willingness to identify with organisational goals. In nurturing commitment, organisational culture must display a shared value in the behaviour of all members. Organisational values govern processes of integral integration. A shared mission will clarify goals and identify meaningful roles for all involved, leading to higher levels of commitment by employees. An adaptable work environment allows for creativity, allowing staff to take risks and learn from their mistakes. An organisational culture supportive of employee contributions maximises participation and minimises internal politics. Commitment can either be an element to foster relationships or as a tactic. It will be the foundation of long-lasting prosperity as an element of fostering relationships. However, as a tactic, it could strengthen an organisation or lead to undermining relationships and ultimately the demise of authority, structure, and respect for the policy formulation process. Thomas Schelling (1959), in his book *The Strategy of Conflict*, illustrates the power that tactical commitment has by showing how irrevocable promises can alter relational power. Employees' tactics are not seen as a long-term strategy as tactics can be imitated that may cause irreversible damage to relationships and policy content. Tactical commitment is counterproductive as it (1) prevents companies from taking advantage of previous successful policy formulation processes, (2) diminishes trust in the process and (3) reduced authenticity in relationships. Long-term commitment establishes a collective identity, improves, sustains companies' reputations, and facilitates problem-free policy formulation. Intra-organizational factors impacting commitment and policy formulation include mission statements, organisational structure, organisational culture, and adaptability. A well-defined and communicated mission statement will provide meaning and direction to organisational objectives, reinforce the structure and bring stability to all business endeavours, thus defining the organisation's identity.

Intra-organizational factors give an organisation a distinctive character that gives an immutable institutional identity that will change over a long time. Where the organisational identity is established and flexible, the organisation will have a strategic advantage when constructing a dynamic identity. Organisational identity is how employees view their organisation that influences how they interpret and accord meaning to the environment in which they operate and their role in the organisation's survival from their collective

understanding of what they think the organisation represents (Dhalla 2007:246). Differences in employee perception must not detract from the broader aims and objectives that need to be achieved through a common identity. Individual predisposition is vital in the policy formulation processes as it can bring different areas of concern to the front that assists in clearing up misconceptions, thus assisting in shaping common identity. Brickson (2005:577-579) holds that identity orientation refers to the assumed nature of relationships between the organisation and their stakeholders, stating that these relationships are independent and dyadically interdependent as there is a dependence that must exist for the organisation to function to meet the needs of all parties involved. Identity is observed in the identity statements made by individuals about their organisation.

Understanding relations between stakeholders provides a strong indicator in predicting how individuals interpret policies and how they behave. Organisational identity stems from how the individual employee perceives his identity orientation in the organisation. This can be a self-view, where the employee sees himself in a relationship with the organisation that is contractual only while being part of a greater collective that can be a personalised dyadic relationship or an impersonal collective relationship. Figure 2.23 illustrates how individual identity orientation influences policy development and the organisational identity. An individual identity orientation that has a "self-view" identity is individualistic, where the person is only concerned with his welfare resulting in the influence on policy content being fragmented, catering to the objectives of individuals and the organisation having no common identity with a confused public image. The identity orientation is based on personalised dyadic relationships; the employee will focus on relationships with particular relationship partners, maintaining these relationships to influence policy content. As a result, the policy influence will be narrow, with the objectives aiming to support the interest of only a few who have clustered to ensure that their needs are met, resulting in a confusing organisational identity and group identity being more critical than that of the organisation. A collective identity orientation is a broad relationship concerned with the collective interest and welfare of the entire organisation. This will result in an integrative organisational identity supported by everybody, and thus the organisation will project a clear public image.

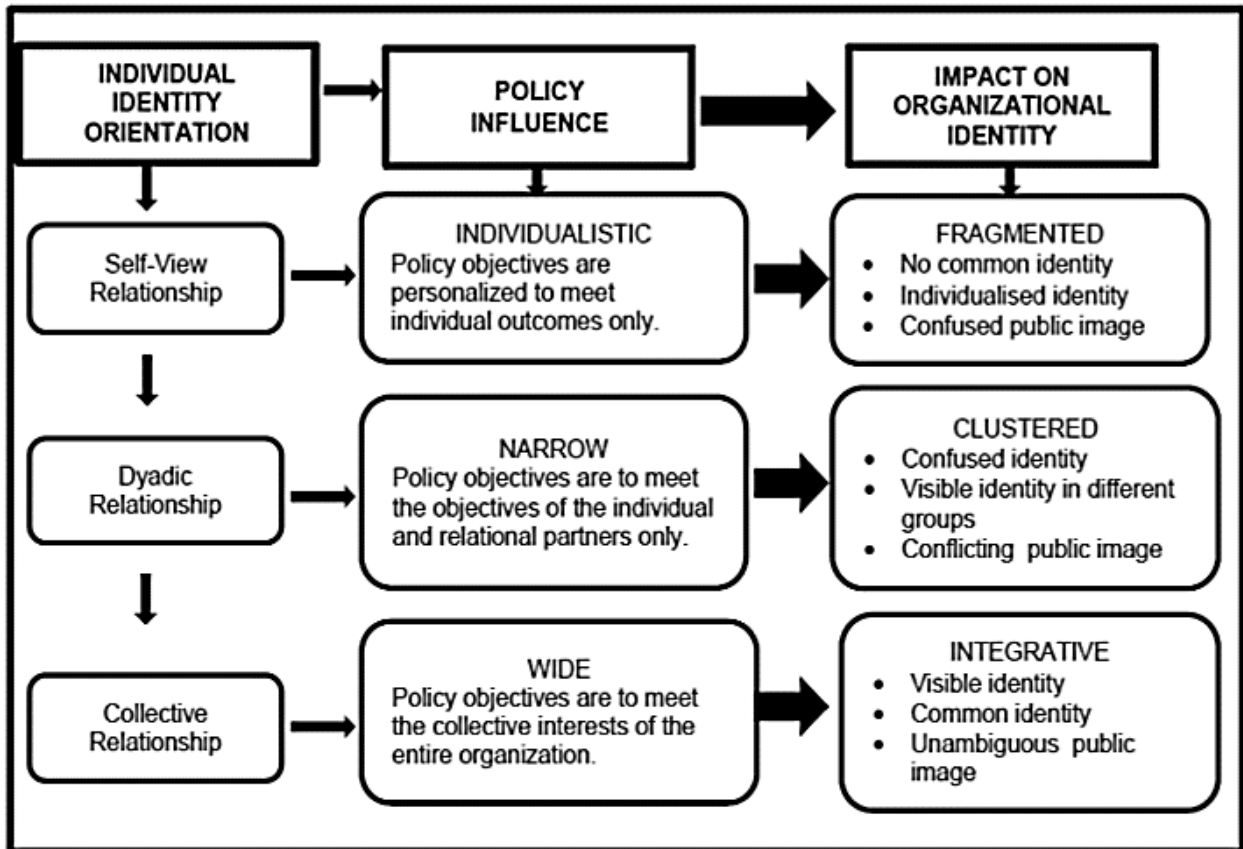


Figure 2.23: Policy Influence of Individual Identity Orientation on Organizational Identity

The structure and hierarchy of the working environment determine individuals' level of interaction and participation in policy formulation while still clinging to their views and perceptions. Reward and recognition are crucial intra-organizational factor that encourages participation in policy formulation. However, they must not be the catalyst for wanting policy changes as the objective will be politicised and the outcome not in the interest of the broader work environment. In addition, internal factors shape the relationships the organisation will have with their social partners, such as clients and suppliers influencing their reputation.

2.15.2 The Influence that Organizational Reputation has on policy formulation

Dhalla (2007:247) defines reputation as the “outsiders’ belief about the organisation and its attributes. Organisations are assessed by audiences outside the business and by the institution's employees' perceptions. Reputation is cultivated by responding to an audience's expectations, which becomes a power source with which support is gained to build the organisation's autonomy and ensure its survival (Busuic 2016:42). Carpenter (2010:45) describes reputation as “a set of symbolic beliefs about the unique or separate capacities, roles, and obligations of an organisation, where these beliefs are embedded in audience networks”. These audiences judge businesses on what they believe and observe and

understand the business's obligation toward them. Businesses strive to create reputational uniqueness in their product offering and service delivery. Maintaining a reputation within a “turf” that is highly competitive is challenging; therefore, businesses rely on the regulatory domain that governs their specific industry to conform to minimum standards. “Turf” is an agency's specific jurisdiction or mission in which a unique service or product is being provided (Wilson 1989:182). Administrators within organisations play an important role in protecting the reputation of their “turf”. Administrators must show a greater propensity to act cooperatively to gain the organisational reputation from their efforts (Busuioc 2016:43). Employees are expected not to display overt resistance to cooperation and the execution of policy directives. Maor (2013:6) refers to avoiding visible failure by agents as they are evaluated by how they execute their unique functions. The overt display of incompetence is viewed as deliberate non-compliance to policies that lead to reputational degradation.

Baer et al. (2018:572) note that it is unclear if employees experienced reputation-induced stress similar to the stress the organisation experience that could lead to behavioural problems by employees. Employees' perception of organisational reputation is an idiosyncratic filter of the organisation's reputation and is a predictor of the level of commitment employees will have to policy formulation. It is theorised that an organisation's reputation can be a source that can energise administrators to work harder and participate enthusiastically in the policy process. On the contrary, it can also be a source of demotivation where the reputation of the organisation is not suitable due to (1) policy violations by senior staff, (2) a lack of consequences for policy violations and (3) inconsistent application of policies. In using the conceptual model of Baer et al. (2018:573) (Figure 2.24), the attitude of employees can be predicted in how they will participate in policy formulation because of their perceptions about the organisational reputation.

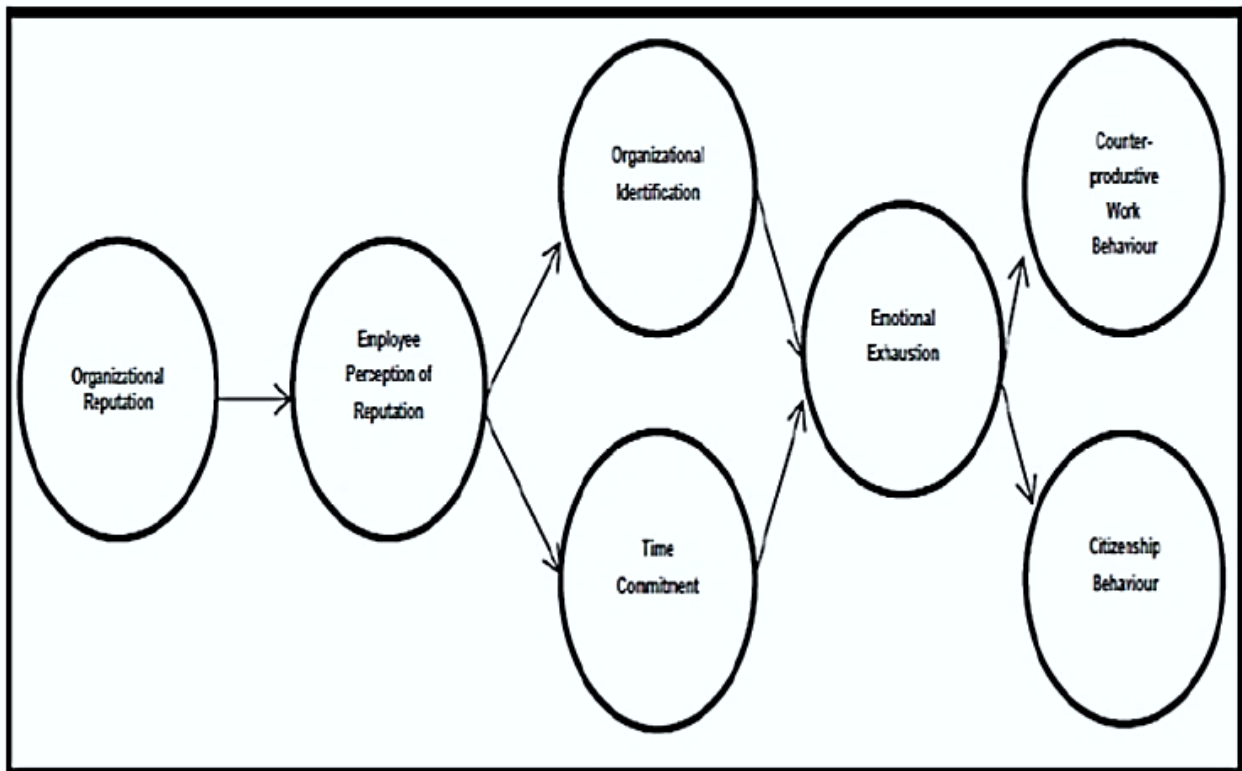


Figure 2.24: Organisational Reputation and employee predictive behaviour in Policy formulation

Source: Baer et al., 2018: 573

Organisational reputation directly influences the perception that employees have of the institution. This perception establishes an organisational identity that can be positive or negative. Positive organisational identification will energise employees to participate in policy formulation activities. In contrast, a negative organisational identification may lead to demands placed on employees that will exhaust them emotionally as undue pressure will be placed on their ethics or value systems to contribute to processes, they cannot identify. Employees' perception of organisational reputation is often displayed in employees' time commitment to engage in policy processes. A positive perception energises employees to dedicate much time to policy formulation, while a negative perception reduces the time employees dedicate to the process. Where time commitment is enforced, emotional exhaustion is the result. Employee behavioural responses can be linked to their perceptions of the organisation. Where employee perceptions of the organisational reputation are negative, citizenship behaviour will be negative, with employees displaying symptoms such as emotional exhaustion, making derogatory statements about the institution, negatively influencing colleagues, and openly displaying counterproductive work behaviour. Employee behaviour resulting from perceptions workers have about the organisational reputation manifests itself in the policy formulation and

decision-making with direct and indirect consequences on how society views and interacts with the organisation.

2.16 POLICY DECISION-MAKING AND SOCIAL CONTRACTING

Decisions in business will have a direct or indirect consequence on society; therefore, when policy decisions are made, the ramifications on society must be considered. Policy formulation goes beyond the outcome envisaged for the internal operational intent of the organisation. In understanding the relationship between social contracting and decision-making in business, Goodpaster (1982:132) mentions that “When making a profit conflicts with respecting the welfare of the community, corporations do not always choose profit as their only goal”. Business entities have a responsibility beyond making a profit. Minkes (1995:596) insists that the trust relationship between business and society requires that business strategies be built and reinforced with a mutual understanding that the ethical responsibility is reciprocal. This involves developing a relationship with all parties active in the business process by being mindful of their social responsibility and accountability to the people working for them, suppliers of services and goods, government agencies, clients, and society.

Business owners and office administrators must maintain and engender a reciprocal social contract with all stakeholders. This requires astute leadership, socially savvy and politically aware so they can answer to the demands of society, their employees, and the environment. Burns (1978:11-19) categorises leadership as “transactional” and “transformational”. Transactional leadership involves an exchange of valuable goods, while within the context of a social contract, this implies the provision of quality services and products in exchange for a fair price. Social contracting that requires transformational leadership implies moral and ethical engagement with everyone affected by the business activities involving the exchange of beliefs and values for mutual satisfaction.

Business owners and administrators will constantly be confronted with social dilemmas for which they need to find solutions. Guidelines that enforce procedures and processes to realise these solutions will be captured in policies and codes of ethics that manifest as blueprints for social contracting. Brett (2014:192-195) describes social dilemmas as ubiquitous due to misaligning collective interest and self-interest. He argues that social dilemmas can create situations that lead to cooperation or competition. Therefore, in decision-making, cognisance must be taken of the issues or dilemmas facing society, being mindful of its consequences on an individual, the organisation, and society.

Wempe (2004:332-336) alludes to Integrative Social Contract Theory (ISCT), first expanded by Donaldson & Dunfee (1999), which led to a plethora of opinions on what a social contract is. The problem encountered was that the ISTC did not focus on how a social contract was

constructed in a macro-social environment. Instead, they posit that rational contractors will align themselves with four contractual terms: moral free space, authenticity, priority rules, and legitimacy. Moral free space state that within an economic community where no conflict with prevailing norms exists, economic actors will be free to act on their own norms; such norms will be viewed as authentic only if procedural hypernorms are met, where dissenters are allowed to have their objections heard. Authentic norms become legitimate when they do not contradict hypernorms; only then can these norms be adopted as norms to govern economic activities within communities.

Priority rules become the governance policy only when norms are not authentic, and no legitimacy for their existence can be found. Norms form the basis for which values and policies are formulated as the pillars of social contracts. The concern was finding a shared understanding of what a social contract is. Individuals involved in business carry with them the responsibility of accountability and trust, not only in the casual sense but also as far as morality is concerned, and as such, there is an expectation of a social contract between themselves and the citizens they serve. With this relationship comes expected rules of engagement, some of which are captured within laws and company policies, but most expectations from society that interacts with business are not captured in writing. These business owners are subject to societal norms and standards of behaviour imposed on them. All agents acting on behalf of an organisation must respond to the needs of stakeholders in “good faith”, understanding that their judgments cannot be influenced by their independent thought processes. Social accountability becomes a key consideration when decisions are made.

Rational moral reasoning becomes the objective in maintaining the best business practices that result in ethical decision-making. Modern social contract theory has as its objective social justice. Hodapp (1990:127-131) questions if there can be a social contract with business. Donaldson (1982) interrogates whether employees or society will ever benefit from any social contract with business. He contends that there are more social harms than benefits, such as pollution, the misuse of power, the depletion of natural resources, and personal accountability erosion. A political contract will prevail where a social contract between business and society does not exist formally or by implication. A political contract is derived from laws that govern issues of standards of delivery, pricing, and the quality of production to protect the interests of the consumer and society at large. In describing “free will”, Rousseau (2012:8-13) quotes Atiyah (1981), defining it as “an individual’s capacity to make choices without certain constraints” these constraints can be physical or social. Adults can contract freely in the promotion of personal liberty. This liberty is impeded by dependency on businesses to provide products, services, and employment. Edelman (2006:57, 95) contends that an individual's structure can be altered by his interactions with the environment; thus, a person can change

their values. Wood (2006:29) argues that there is a false dichotomy between owner-stakeholder value and other-stakeholder value as the economic environment is less concerned with third party concerns but acknowledges that poor financial performance is linked to irresponsible management practices. Focus on stakeholder expectations concerning the “triple bottom line” should be aligned with a firm’s long-term value creation and sustainable development. Business must never say, “we do not do politics”, but business leaders must be agents toward creating a better world for all. Structuration of decision-making allows for the flow of information between all role players in an organisation and minimises domination, thus reducing bureaucracy and reinforcing a workable social contract in the workplace and the business's environment.

2.17 SUMMARY

Individual ethics directly influences the culture that prevails within organisations and affects administrators' cognitive development and behaviour. The work-life balance of individuals determines their commitment to the organisation, and where individuals are not benefiting, the tendency is to make decisions to promote their self-interest. So too, will groups' interests prevail when their security is under threat, and the group contribution to policy content will be subjective, aiming to protect the group's objectives. The development of an ethical organisation is tricky as many variables dictate the politics in the organisation and where the power is placed. Nevertheless, ethics and moral virtue directly impact the social contract that governs the conduct of and relationships between stakeholders and gives structure to operational processes, thus establishing rules for how business is conducted.

In Chapter 3, consideration is given to the regulations and laws promulgated to regulate the financial services industry's operations, governance, and structure, aiding in the formulation of policies.

CHAPTER 3

STATUTORY DIRECTIVES AND THE FINANCIAL SERVICES INDUSTRY

3.1 INTRODUCTION

The previous chapter focussed on the ethical theories and policy formulation processes underpinning this research. These concepts will explore the impact that statutory directives, specific to the financial services industry, as captured in policies and regulations, have on administrator ethics, policy formulation and decision-making. All public and private financing institutions function in terms of legislation promulgated by the South African Government. The research focuses on the oversight function of these statutory directives on administrator ethics and how policies are formulated and implemented as the directives of the prescribed legislation must be adhered to by all suppliers of financial advice or products, guided by the normative parameters prescribed within the Constitution of the Republic of South Africa, Act 108 of 1996. Social contracts are also derived from adherence and acceptance of the legislative framework that regulates the financial services industry. The study examines how legislation improves social, moral, and economic interaction by directing decision-making by providing a framework within which all agents need to operate. Legislative intervention is viewed as being complex as legal interpretation is often complicated.

The chapter seeks to highlight why a business environment without logical and justifiable perimeters for decision-making that is captured within the legislation is a significant threat to the formulation and application of policies and the ethical execution of decisions while demonstrating that legislative intervention provides coherent transferable frameworks that prevent assumptions on justifiable content for policies or decision-making. Policies contribute to the objective of consolidating the rule of law. The threat of poor formulation of policies is minimised when legislation is considered, as legislation always seeks to prescribe or proscribe. Legislation prescribes giving direction, such as providing a directive that all financial services providers must have a limited reserve fund in their account or may proscribe a definitive amount for all financial services providers. Legislation assists in protecting the rights of individuals, creating conditions essential for the formulation and implementation of policies that build capacity amongst employees so that their consumer rights are protected. Legislation requires compliance with enforcement that is consistent and ethical. The struggle experienced by employees and clients within the financial service to disentangle the policies of financial services organisations is evident in the many queries and legal challenges in South African courts where repossessions of property are increasing, and many persons are applying for debt review. South Africa has 23 million credit-active customers, with 42% considered impaired, meaning that they have arrear accounts of more than three months with judgements

against them. These high levels of indebtedness include reckless lending patterns by service providers who disregard the prescripts of the financial services industry laws, a lack of knowledge by consumers of financial products, and the proliferation of unsecured lending.

Over-indebted customers have several remedies for relief prescribed under the law:

- a) Sequestration: using the Insolvency Act (Act. no. 24 of 1936) and the Amendment Act 33 of 2002, where the courts limit the capacity of a person who cannot pay their financial obligations. Sequestrations are formal orders by a court declaring a person insolvent. A Debtor may apply for voluntary surrender, or the debtor's creditors may apply for sequestration. This is called compulsory sequestration.
- b) Administration: using the Magistrates Court Act (Act. no. 32 of 1944). This act applies to persons with debt not exceeding R50 000 and who do not want to apply for sequestration. It is expensive as the debtor must apply to the Magistrate Court. If an order is granted, the court will appoint an administrator who will get a service fee of not more than 12.5%. The debtor may also have to pay an administration fee of five per cent if the employer has to make a salary deduction.
- c) Debt review: using the National Credit Act (Act. no. 34 of 2005). The debt review process was introduced under the NCA in 2007 to assist over-indebted individuals in getting out of debt and avoiding blacklisting. In addition, debtors are assisted in restructuring their payments by negotiating with creditors for reduced payments.

Legislation minimises the moral and ethical hazards faced by suppliers of financial products. Moral hazards occur when a party in a transaction act in bad faith by providing misleading information to another, and one party takes a greater risk than the other (Simpson, 2014:22). Moral and ethical hazards frequently occur in financial contracting and are addressed by policies and codes of ethics within organisations and legislation. The legislation creates a framework around which policy is formulated, protecting the rights of individuals and organisations as enshrined within the Constitution of the Republic of South Africa, giving structure to the policy and decision-making process.

3.2 THE IMPACT OF THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, ACT 108 OF 1996.

Cloete (1998:8) emphasises that the main objective of the constitution is to protect the rights of all citizens and to arrange and determine the power relationship between government and citizens. Accordingly, the preamble of the constitution (Act 108 of 1996) acknowledges it as the "supreme law" with the purpose to:

- i. Heal the divisions of the past and establish a society based on democratic values, social justice, and fundamental human rights.
- ii. Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law.
- iii. Improve the quality of life of all citizens and free the potential of each person; and
- iv. Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.

This preamble encompasses the values to which all financial service providers should aspire by addressing past discrimination and injustice in the administration and provision of financing products to all citizens in a just and equitable way to restore social justice and uphold human dignity. As the supreme law of the land, the constitution guarantees all citizens that their interests are protected without ambiguity or favour with universal suffrage and accountability for those who transgress in any way. Furthermore, the constitution articulates the privileges and rights regulating the relationship between the citizens and the state (Cheminais et al. 1998:99). Erasmus et al. (2005:33) emphasise that the constitution reinforces values of human rights, dignity, equality, and accountability. The constitution, therefore, provides a foundation for values and provide a framework for ethical behaviour by employers and administrators in the financial services industry when policies are formulated or decisions made so that the interests of all stakeholders in the financing industry can be protected, thus allowing for labour relations and employment conditions of administrators to be prescribed by legislation.

3.3 THE INFLUENCE OF THE LABOUR RELATIONS ACT (LRA), ACT NO.66 OF 1995 AND THE BASIC CONDITIONS OF EMPLOYMENT ACT (BCEA), ACT NO. 75 OF 1997 ON POLICY FORMULATION AND WORKPLACE ETHICS.

Venter (2003:166), Erasmus et al. (2005:61) and Venter (2003:210) state that the LRA and BCEA were promulgated to give effect to section 23(1) of the constitution. The LRA provides directives to protect employees' rights with regard to collective bargaining, their freedom of association, unfair dismissal, dispute resolution, and the establishment of workplace forums. The LRA and BCEA are mechanisms that guide policy formulation so that the labour rights and workplace conditions are considered so as to regulate the relationship between the employer and employee. The BCEA establishes and enforces basic conditions of employment and regulates employment conditions such as work hours, leave and remuneration. The fair application of the BCEA assists in reducing unethical practices by employees in the financial administration industry with regard to the provision of equitable salaries and benefits so that

the temptation for fraud and theft is reduced. Employee recruitment policy content is guided by the legal prescribes of the BCEA; therefore, employee rights must be enshrined in all policies. The LRA and BCEA reinforce the workplace values and ethics that guide employees' and employers' expectations and obligations in the psychological contract between them. The LRA underscores the promotion of employee participation in workplace forums, thus encouraging employee involvement in policy formulation and decision-making. The procedures for resolving labour disputes are provided for in the LRA, allowing employees a process to address issues of individual and shared concerns in an ethical manner so as not to place clients at risk. The EEA protects employees against unfair discrimination involving race, gender, or disabilities, promoting equal opportunities and fair treatment of all designated groups and establishing measures to address disparities resulting from historical practices of apartheid, ensuring equitable representation of all categories of employees within the workspace. The BCEA, LRA and EEA are general legislative frameworks regulating the relationships in the workplace and employee rights. At the same time, other laws and regulations, such as the Financial Advisory and Intermediary Services Act (Act no 37 of 2002) were promulgated to regulate how financial business is conducted.

3.4 THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, ACT NO. 37 OF 2002 (FIAS)

The FAIS act impacts how financial services providers (FSP) and intermediary services conduct business and how they service their clients. The FAIS act compels all FSPs to be licensed and enforces a professional code of conduct, stipulating requirements for FSPs to be "fit and proper" to conduct business.

The primary purpose of the FAIS Act is to regulate all the activities of FSBs giving advice or providing intermediary financial services by requiring that FSBs be licensed and abide by a code of conduct.

The main purpose of the FIAS act is to:

- Regulate the rendering of advisory and intermediary services to clients in the financial services industry.
- Regulate the advice-giving and selling activities of FSPs so that the information and products provided to consumers meet their requirements and are not exploited by unscrupulous FSPs.
- Regulate the qualifications of FSPs.
- Establish a FIAS Ombud (Banking Association of South Africa 2021).

The stipulations of the FIAS act must guide every policy that is composed within the offices of an FSP, ensuring that (1) recruitment policies guide the employ of competent employees who are “fit and proper” that meet the requirements of the FAIS act, (2) training policies capture training requirements to ensure the adequate training and accreditation of staff, (3) Communication and Information policies capture guideline to secure the accurate and honest dissemination, storage and acquisition of client information that is given to employees and clients are given information that is honest and accurate and (4) the selling of financial products are is done in an ethical way that does not exploit or mislead clients so that their needs are met.

The FAIS act allows for the guiding of policy formulation regarding the competencies and qualifications of the FSPs, while the relationship and client interest is described and protected by the National Credit Act. Act no 34 of 2005.

3.5 THE NATIONAL CREDIT ACT, ACT. NO. 34 OF 2005 (NCA)

The FAIS act, having been promulgated in 2002, required that all providers of financial products be accredited to sell such products and give advice to consumers but failed to protect consumers from oversubscribing to financial products beyond their affordability levels. Therefore, a mechanism was necessary to protect consumers from the negative repercussions of over-indebtedness and unethical practices of unscrupulous FSPs.

The NCA was promulgated at a time when the levels of indebtedness among South African consumers of financial products were very high, and financial institutions were indiscriminately providing loans to consumers. Administrators working for FSP were given incentives to achieve high targets leading to the unethical approvals of loans, particularly unsecured loans, resulting in consumers having to pay more than 70% of their income on loan repayments. Furthermore, the affordability criteria used as a measure to ascertain if an individual meets the requirements to be granted a loan were very liberally interpreted, and each FSP had its own qualification requirements. As a result, consumers had to be protected from reckless lending and borrowing. As a result, many consumers could not meet their financial obligations and succumbed to the relentless pursuit of administrators who wanted to achieve sales targets and earn lucrative incentives. However, consumers were not discouraged by being over-indebted and applied for loans to pay off loans resulting in FSPs offering revolving credit and overdraft facilities of twice the income levels of clients.

In analysing the Year-on-Year (YoY) lending pattern changes for the period 2020 and 2021, the TransUnion’s South Africa Industry Insights Report (IIR) (Table 3.1) shows the impact of the NCA on lending patterns of South Africans and how the Covid -19 pandemic had a devastating effect on business performance and the income of financial services providers.

The report shows a severe increase in delinquency in all categories of products available to consumers. Defaults in the repayment of personal bank loans increased by 23.5% in 2020 and 21.1% in 2021. This can be ascribed to the general decrease in origination levels over the same period. The basis points change on the interest on outstanding balances across all five products for 2020 was 202/100 = 2.02% showing a decrease in 2021 at 172/100 = 1.73%. This may be attributed to the economic effects of Covid-19 and not due to NCA non-compliance.

Table 3.1: TransUnion’s South Africa Industry Insights Report 2020-2021 (Source: Adapted from <https://www.transunion.co.za/lp/IIR>)

PRODUCT	YoY% Change in Origination		YoY% Change in Total Outstanding Balances		Serious Delinquency Rate		YoY Basis Points (bps) Change in Delinquency Rate	
	2020	2021	2020	2021	2020	2021	2020	2021
Credit Card	-63.2%	-48.6%	-0.6%	7.7%	12.0%	12.0%	-10	+20
Bank personal loans	-39.6%	-34.0%	5.9%	12.7%	23.5%	21.1%	+130	+40
Non-bank personal loans	-26.0%	-17.9%	2.7%	2.8%	32.5%	33.1%	+640	+680
Home loans	-14.2%	-2.9%	6.1%	17.2%	6.8%	6.4%	+230	+150
Vehicle finance	-6.0%	-4.0%	10.2%	16.7%	7.1%	7.2%	+20	-30

Table 3.1 shows that the average outstanding balance for all categories increased in this period. This contrasts with the declining origination levels but can be attributed to the non-personal bank loan delinquency escalation. The uncertainty that has been caused by Covid - 19 has resulted in consumers experiencing hardship and seeking financial assistance away from traditional financial services suppliers. The decline of 3% in the credit appetite of consumers indicates that fewer consumers are partaking in the credit market. This may not necessarily be attributed to a decline in origination, but the more stringent application of the NCA as lenders emphasise managing their risk.

The National Credit Act 34 of 2005 intends:

- to promote a fair and non-discriminatory marketplace for access to consumer credit and, for that purpose, to provide for the general regulation of consumer credit and improved standards of consumer information,
- to promote black economic empowerment and ownership within the consumer credit industry,
- to prohibit certain unfair credit and credit-marketing practices,
- to promote responsible credit granting and use and for that purpose to prohibit reckless credit granting,
- to provide for debt re-organisation in cases of over-indebtedness,
- to regulate credit information,
- to provide for registration of credit bureaux, credit providers and debt counselling services,
- to establish national norms and standards relating to consumer credit,
- to promote a consistent enforcement framework relating to consumer credit,
- to establish the National Credit Regulator and the National Consumer Tribunal,
- to repeal the Usury Act, 1968, and the Credit Agreements Act, 1980, and
- to provide for related incidental matters.

3.6 SUMMARY

Laws are rules created by social and government institutions that are enforced to regulate the behaviour of individuals and businesses to ensure that social justice prevails. The content of policies depends on the dictates of laws that directly affect the financial services industry and include all civil laws in general. In addition, laws and regulations assist in designing and implementing operational processes by providing a framework for policy development within a structure that facilitates ethical decision-making.

In Chapter 4, structuration is explored to determine what influence structure has on policy formulation and information systems as tools for decision-making in structuration.

CHAPTER 4

UNDERPINNING THEORY

4.1 INTRODUCTION

The previous chapter focussed on the legislative framework that regulates the financial services industry and how these laws influence employee ethics and policy formulation processes that aid in decision-making within social systems, such as workplaces. This chapter describes the theory underpinning this research to understand how the theory is applied in practice where individual ethics and legislation influence policy formulation in a structured environment. This chapter further investigates the application of structuration theory as a framework to provide new insights on the congruence between administrator ethics and organisational policies in decision-making in the financial services industry to bridge the gap between what policies and values attempt to achieve and what administrators do when considering applications for financial products.

The frame of reference of this research is that administrators will act according to the directives of the organisational codes of conduct only if such codes meet their individual value systems, and they can derive utility from the system or sub-system in which they operate. This study uses structuration theory to show that systems or sub-systems become the structure that is the medium through which activity can take place and that structure is an enabler where actors interact within a framework of rules to create a system.

Giddens (1984:17) notes that *“the structuring properties allowing the binding of time-space in social systems, the properties which make it possible for discernibly similar social practices to exist across varying spans of time and space and which lend them systemic form”*. This chapter will provide an understanding that structure implies an order in which practices transform relations in social systems that are continuously reproduced, and that structure can exist within a recursive hierarchical system in business. Giddens (1984:16,25-30) notes that many functionalist authors have given prominence to the concept of structuration but have instead given more attention to “function” than structure. Structure is understood as the “patterning” of social relations by functionalists. Their conception of structure is more akin to the skeleton or girders of a building. From the perspective of this study, it will be proven that structure is not a morphological constraint external to human action but that it implies a duality between the syntagmatic dimension that involves the reproduction of patterns of behaviour and the paradigmatic dimension that denotes the recursive reproduction of rule.

4.2 THE DUALITY OF STRUCTURE AS A TRANSFORMATIVE TOOL

This chapter will aid in eliminating the ambiguity that exists around whether structuration implies transformation within a system or rules of transformation within a system, showing that agent and structure cannot be seen as independent from each other. This chapter describes structure as the medium for action, enabling action, and therefore uses the underpinning theory to demonstrate what influence structure has on individuals and what impact individuals have on structure. Thus, demonstrating that structure is a medium, and an outcome and that structure is constraining and enabling. The chapter considers the constraining aspect of structure that implies rules while the enabling aspects of structure allude to resources. Rules are connecting prescriptions for the reproduction of processes or systems. Rules regulate conduct that implies methodical procedures of interaction using resources for transformative purposes. Rules give meaning to structure while also creating the framework for sanctioning, domination, and power. This introduces the duality of structure as rules and resources responsible for the reproduction of actions within a transformative system and aids in formulating a structural framework underpinned by structuration theory. This research endeavours to utilise the results obtained from the research questionnaire in developing an Employee Perception and Response to Policies Matrix (EPRPM) that will aid in understanding the duality of structure that illustrates the interaction between system and actor in the financial services industry that will assist in transforming the policy formulation and decision-making processes in the financial services industry.

“Structure is a virtual order of transformative relations” (Giddens 1984:17). The “duality of structure” is derived from the interaction of the internal consciousness of the individual and external rules. Giddens (2006:108) states that all actions presuppose that structure must exist, but to have structure, there needs to be regular behaviour to create a framework for structure. Gibson et al. (1991:439) assert that activities take place because of structure and that structure implies the configuration of activities with persistence and patterned regularity. Because structure requires regularity, it is goal-directed and purposeful; therefore, structure contributes to organisational performance and efficiency, thus contributing to the goals of managers and administrators. Structure contributes to production efficiency, employee behaviour, the adaptiveness of the organisation to change and the development of work processes. Regularity in behaviour results from good governance structures within organisations that are interpreted within organisational policies. According to Masaki (2007:17), policy interventions draw from structuration theory to explain how policy intervention and renegotiation are reworked by “power subjects” in deriving direction during policy formulation by stakeholders. Structure is a means to an end and, therefore, requires formalisation. Structure expresses operational processes and organisational policies that

reinforce regularity in execution. Structuration, therefore, (1) confines specialisation within rules and procedures, (2) delegates authority within guidelines for decision-making, (3) delegates the use of authority, (4) defines the span of control and (5) reinforces behaviour patterns. Structuration assists in avoiding the probability that decisions are assumed to be non-programmed. Non-programmed decisions are decisions taken in an unstructured work environment, where “cause and effect” become the criteria for decision-making and “creativity and intuition” are the guiding norms for problem-solving. Programmed decisions are routine and repetitive decisions, dependent on policies and rules within a structured work environment (Gibson et al. 1991:461-176).

Structural modelling used to determine unethical choices revealed how complex the determination in choices is, thus indicating that moral agency influences individuals differently. Ethical behaviour is central to all decision making as every act integrates structure and employee agency. Not a single action or decision can be influenced or anticipated if the past or future is not considered, thus giving structure to anticipated behaviour. Structure anticipates system as system integrates process and policy. Dillard and Yuthas (2017:53-54) indicate that system integration is the “reciprocity” of interaction between the agents across space and time, while structure gives rise to rules and patterns within a closed system. Structuration draws from rules and resources in the production or reproduction of systems. Rules are, therefore, techniques or procedures for the enactment of practices. Giddens (1984:17-31) argues that structure should not be seen as rules and resources as rules have different philosophical interpretations that include:

- associated with games.
- understood to be analogous to the operations of daily social life associated with singular ways of conduct.
- the conceptualisation of rules being apart from resources as transformation is linked to resources for the production or reproduction of social practices.
- the implication that rules are methodical procedures in social exchange.
- rules give meaning and sanction to social conduct.

Structure cannot be associated with rules as rules have a mechanical or fixed character. Structure is a system of interaction between agents and facilitators; therefore, the verb structuration gives expression of this interaction that facilitates a process. Rules, however, have a structuring quality in sustaining processes. Rules give prescription in the structuration process that aids agents in the constitution of processes to understand the ontology of processes. The duality of structure recognises that structure is both the medium and outcome

of the process it organises. Structure is not isolated from the agents involved as the agent is an initiator and benefactor of the process. Therefore, structure is enabling by providing process and constraining by the prescribes or “rules” the process dictates. Structuration can thus be seen as the recursive use of rules and resources impacted by agents to produce or reproduce certain activities. Agents and structure cannot work independently but must represent a duality in purpose. Structure cannot exist without the knowledge and expertise that agents must have to execute their activities; agents are also aware of what they are doing because of a discursive consciousness defined by consequences or rules; this suggests the reflective monitoring of agents. Giddens (1984:28-29) uses structuration modalities to clarify the dimensions of the interaction in the duality of structure. The modalities of structuration illustrate the reproduction of systems that draws from the interaction between system and actors. The duality of structure is portrayed by Giddens (1984:29) to demonstrate the dimensions of the duality of structure and the interaction between modalities (Figure 4.1).

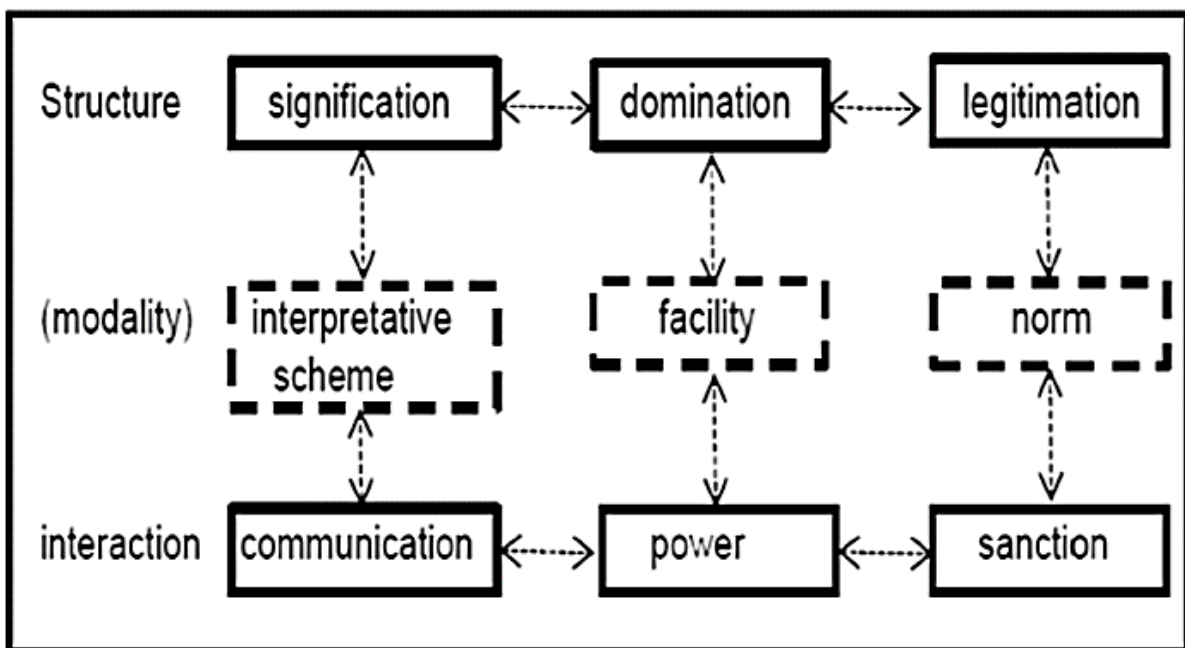


Figure 4.1: Dimensions of the duality of structure

Source: Giddens, 1984:29

Structure provides cogent expression to how accountability is arrived at and how power is established. Structure defines signification, domination, and legitimation. Signification provides meaning to the modes of discourse by establishing an order. Signification can only give meaning if the shared assumptions have common value within an interpretive scheme. Rerup and Feldman (2011:578) define an interpretive scheme as “a set of shared

assumptions, values, and frames of reference that give *meaning* to everyday activities and guide how organisation members think and act”. Interpretive schemes are modalities that are interpreted and communicated to all role players via information systems and actions. Signification that has its root in values and assumption initiate order.

Order is derived from domination emanating from the possession of power brought about by institutional or political power. Power is the conduit of authority that reinforces domination. Domination is dependent on the capacity to facilitate and exercise transformative power. Domination assumes the facilitation of authoritative power to nurture change, exercising influence to control a process and does not imply enslavement. Domination must enforce the values and norms to be manifested in legitimate processes. Structure can only be legitimised if the transformation is normative within a framework of what is just. All norms are sanctioned by their legitimacy and the interpretive schemes communicated by the authority of agents. There is continuous interaction between structure and modalities. This process is repeated with interpretive schemes being interrogated and sanctioned all the time, having norms adjusted to meet the organisational needs, changing the significance of the structure, and altering domination resulting in the placement of power with authority to control processes that affect change in structure and corporate governance. Agents have authority to operate within a structured environment as no action is possible without agents

4.3 AGENCY AND AUTHORITY

4.3.1 Individual Agency

Giddens (1984: xxiii) contends that all stakeholders who have agency are knowledgeable and competent socially and will thus be flexible in their thinking with the capacity to fully understand what they are doing. All stakeholders have agency which implies that they have power with transformative capacity to alter social patterns. To fully understand individual agency, the concept of power must be understood as there is a logical link between action and power. Giddens (1984:14) states that there are ramifications when power is exercised as any action or inaction is an intervention that will impact a process; thus, being an agent necessitates the deployment of power that can influence others or an outcome. Agency depends on the capacity to influence and make a difference to existing circumstances. An individual ceases to be an agent when the capacity to act no longer exists. Agency can be enabling and constraining as agency gives power to the employer, while power gives authority and role autonomy. Gibson et al. (1991:330) define power as “the ability to get things done the way one wants them to be done”. Two or more persons must be involved in a power relationship; no person can have or exercise power in isolation. Agency gives authoritative power to individuals to exercise over others or processes. Madhok (2013:5) posits that a multi-, cross-

and inter-disciplinary awareness of agency and what it is pervades the corridors where policymaking takes place and cautions that intellectualising about it must move beyond the debate of what it is but should seek ways of understanding the actions and dispositions of it. In concurring with Oshana (2005) that agency is about free will or free action, he notes that agency has become a chosen belief used by feminists and non-feminists to foster autonomy. According to Balkin et al. (2015:386), role autonomy refers to an individual's self-determination in understanding personal capacity to be a catalyst and regulator over behaviour and their influence on processes.

Sewell W (1989:4) avers that people's practices are shaped by structures but emphasises that people's practices are also responsible for the reproduction of structures within organisations. This leads to the conclusion that there is a link between agency and structure. The individual employee within the financial services industry tasked with the responsibility of deciding has agency stemming from personal ethics derived from social and cultural experiences. The individual's agency is strongly influenced by the structure of the employment environment created by international and national laws and institutional policies. Busuioc (2016:43) contend that agency will result in a higher propensity to be cooperative when their efforts improve the organisation's reputation by sustaining their abilities in task performance. Agency must result in reputational accrual for all, while agents will remove support and show strong reluctance to perform if their own agency is threatened, as agents display turf-protective tendencies. According to Giddens (1979:2), all individuals act autonomously and with full knowledge about the consequences of their actions with three types of consciousness:

- I. Discursive consciousness: describes a consciousness that the individual can verbally articulate.
- II. Practical consciousness: that discursive consciousness that can be put into action and made routine.
- III. Unconscious: a consciousness that is captured within the subconscious state.

All consciousness has a restructuration outcome of either the individual or the environment in which the individual operates.

Giddens (2006:8) states that no event in the social environment exists due to random actions but rather that all events are structured within certain regularity and patterns. Social structure has no physical permanence, such as buildings but has perpetual structuration that reconstructs as people interact. According to Alant et al. (1981:4), structure is a system resulting from the degree of orderliness or regularity in its functioning but warns that should the structure have a regular system, such a structure can be considered systematically closed.

Where the regularity of the system is not absolute, such a structure is considered open. Structure or substructures are dependent on their regularity and the orderliness of their systems.

As organisations evolve and interaction occurs between employees, employers, clients, suppliers, or distributors, so does the need for policy amendment, evolution, and creation. The environment within which financial services operate directs and compels stakeholders to make conscious attempts to ensure that their actions that are both legal and ethical by noble actions. This requires a process of self-monitoring of their actions using the internal consciousness of all the actors and an awareness of the external reality of the organisational policies, social rules, and legislation—the internal consciousness results in the individual ethics of employees and employers. The external rules are derived from the business and social customs of the environment and society within which a business operates local and international legislation and established organisational policies. Barnes (2000:2) denounces individual agency while promoting collective agency as people are non-independent social agents as all actions impact others. Therefore, people act with discretion, guided by the moral code prevailing within their locality.

4.3.2 The influence of Structure on Moral Agency and Discretion

O’Kelly and Dubnick (2006:394) allude to Haque (2004), indicating that ethics is normative and is guided by the parameters of value and norms, including individual moral principles that are used when exercising administrative power, thus indicating that moral agency is vested within the individual and influenced by the structural environment in which the individual operates. Carson (1994:155) raises two questions regarding corporate moral agency: (1) Can corporates be held responsible for their moral actions? And (2) Can the corporate moral duty be reduced to the individual’s moral duty? The issue around who is morally responsible when accountability for actions is vested in the individual is the bone of contention. Individuals receive recognition and ridicule for their actions, while corporations are held to account as individuals act as agents on their behalf. According to Schank et al. (2010:12), the reasoning behind group decision-making is to avoid failure within a safe environment and compromise with middle-of-the-road solutions, thus assuming that a structured environment influences the moral agency of individuals. Therefore, it guides discretion that conforms to organisational norms and values.

Ashman and Winstanley (2007:84-86) state that for organisations to be effective, they must have a clear sense of purpose that all stakeholders understand, where each stakeholder has a clear self-image, self-consciousness, and self-esteem linked to individual identity. This identifies the multiple identities that individuals have in relation to an individual’s role at any

specific moment. For example, in the business environment, an individual may be an employee but also placed in a position of authority, thus suggesting that identities change as circumstances change. Individual identity is very complex as it is dependent on situations that continuously change, and therefore moral agency will also be influenced by the capricious environment in which individuals operate. Wagner-Tsukamoto (2007:210-212) posits that moral agency is firmly linked to the ethical and legal rules that make up an organisation's market behaviour. Morality is expressed in how the rules within that business or industry are interpreted within the organisation's active conduct. Self-interest and profit are unintended consequences of how morality is viewed within industry. Legal rules are seen as codified ethical custom, where custom forms the base from which rules and laws are derived. Moral agency is thus a consequence of ethical custom enshrined within rules or policies within organisations.

Moral agency gives individuals the autonomy to act according to their own value system to exercise discretion. According to Hambrick and Finkelstein (1987:371), discretion can be defined as "latitude of managerial action", providing an individual with the freedom to decide on alternative options. Garofalo (2006:7-8) advances the notion that administrators are inherently moral and can be considered ethical agents who formulate ethical rules for a fair organisational culture to justify their professional goals. Administrators can at times conflict with personal and organisational interests but must demonstrate citizenship that goes beyond organisational and personal self-interest. Individual discretion is impacted by culture and goal alignment derived from individual moral identity. Individuals working in organisations where ethical culture is more salient will act with greater moral imagination than individuals working in environments where ethical culture is less salient, according to Caldwell and Moberg (2006:195). These individuals or administrators who act within the cultural and ethical imperatives of the organisation are conduits of change and facilitate the demands of the structure in what they do.

4.3.3 Facilitating Agents as conduits between agency and structure

Facilitating Agents are conduits between agency and structure to give expression to a decision or the operationalisation of a strategy, as indicated in figure 4.3. These Facilitating Agents operationalise regulation into policy and individual values into corporate culture. Within the structure for ethical decision making are operational policies, corporate culture, and the information system. Giddens (1984:8-10) contends that it was always assumed that agency could only be defined in terms of intention, stating that for behaviour to be regarded as an action, the perpetrator of the action must have had an intention to behave in a certain way, if not, the behaviour is a reflective response. Thus, agency does not only refer to the intention to do things but to the capacity of individuals having to do things. Agency involves actions in

which the individual is the committer who always has the option to act differently. Facilitating agents are the perpetrators of the action. Action is an unceasing process where the individual maintains reflexive monitoring in control to express agency in behaviour. Agency does not suppose unintentionally executing an action but is a conscious, intentional action of the perpetrator who acts with knowledge and belief that the action will have a particular outcome.

The consciousness of the human agent is basal to structuration theory as the agent is not just a tool in any process but fully understands the objective and consequence of the process. Agency is limited by operational policies and corporate culture and expressed and communicated via the organisation's information systems. The information systems within a structured environment, according to Giddens (1981:169), are a social system of relationships between individuals and collectives that reinforces regularity of behaviour. For information to be communicated to decision-makers by facilitating agents, there must be social integration with face-to-face connections between role players to operationalise system integration of operational policies and corporate culture. Social integration can take on many forms, including meetings, conferences, emails, and informal discussions. Social integration facilitates the flow of knowledge and information and brings all stakeholders close to the proximity of leverage and influence that empowers agents to act with authority.

4.3.4 Authority

The alignment between agency and decision making is linked to where the power is vested within an organisation, as power is derived from authority. Agency is the capacity that individuals must self-direct within the confines of the authority given them by those who own the authority; this will include business owners, shareholders, and those placed in authority above them. Authority has vested power that gives rise to structure that empowers those subjected to the authority captured within policies, rules, and contracts. The culture of the organisation influences the structure of an organisation. Authority and power differ because power requires no consent, while authority requires consent, appointment, or ownership.

Piromalli (2015:205-209) states that authority indicates a spread of relationships typically linked to the abusive and oppressive use of power, while legitimate authority has power recognised by subjects within a democratic environment. Employers have authority by virtue of their ownership of or appointment within a business. In discussing the Management Accounting Information System (MAIS), Ramli (2014:386) says that formal control authority can be used to control subordinate's behaviour to use the system to facilitate decision-making resulting in consistency. Authority reinforces structure within a decentralised work environment by delegation to lower management levels. Formal authority cascading to all levels of management leads to more rapid decision-making, distribution of resources and

policy policing. Green (2014:49) asserts that authority emerges where there is a need for order and rules in instances where formal rules are absent. Authority and rulemaking are linked as rules made without authority have no justification and legitimacy. Authority implies dominance by accreditation granted by superiors or gained by skills or qualifications. Authority within a structured work environment enforces compliance with policies and the accepted ethical values of the organisation and the laws governing the industry.

4.3.5 Authority and Compliance

The quality of ethical decision making is inextricably linked to the levels of compliance with the legal framework that governs business, organisational policies, and individual morality. Organisations are treated as legal persons by law, but organisations cannot be held morally liable; this accountability is placed on individuals. Dependent on the ethical position of an organisation and the prevailing corporate culture, many decisions negatively impact customers and employees if it is not understood that ethical decisions can be normative or utilitarian with consequences for all parties involved (Bachmann 2017:20). Therefore, compliance with policies, codes of conduct and strategic processes is vital if an organisation aspires to be successful.

Employees and employers must comply with the contracts that give them agency and role-authority to exercise decision-making guided by organisational policies. Policies are formulated to ensure that decisions are made in compliance with the rules governing the organisation's operations, resulting in employees' self-efficacy in ethical decision-making. Self-efficacy is expressed in decision-making by employees having the capacity and motivation to exercise their agency with efficiency and consistency in an ethically acceptable manner within a structured environment where corporate governance is entrenched.

4.4 STRUCTURE AND CORPORATE GOVERNANCE

Structure is not possible in any situation where corporate governance is not entrenched. According to Calabrò et al. (2017:239), companies have several governance structures such as advisory boards, management boards and boards of directors to facilitate decision-making processes, with each group serving a different purpose. The corporate governance structure is the central determinant of organisational capacity. Bansal (2015:751-752) emphasises that the ownership structure is vital for good corporate structure and that governance structures will differ between the different forms of ownership and enterprise. Corporate governance has a significant function in developing structure that will be directed and influenced by regulation that impacts individual and organisational value systems (Figure 4.3). Organisational and individual value systems directly impact the strategies organisations adopt. Kirkbride and Letza (2004:85-87) bemoan how much society relies on self-regulation to ensure good

governance and the influence that formal regulation has on governance. Regulation guides strategy as no organisation can strategize without accounting for local, national, and international regulations.

Organisational values are captured within policies and codes of ethical conduct. Codes of conduct and organisational policies are non-statutory regulations influenced by individual values and regulations, having advantages and disadvantages due to inherent flexibility when strategies are devised. Structure enables management and employees to behave ethically, resulting in decisions that will be in the interest of shareholders. Giddens (1984:375-376) describes the “Principles of organisation of society totalities” as the structural principle, where there is coherence to the rule of law and tolerance and freedom of speech. This coherence indicates an understanding of structure through corporate governance. Structural properties have institutional features that include signification that gives meaning, domination that provides control, and legitimation derived from norms. Significance is given credibility only if there is compliance and underpinning by regulation or policy, while domination has its roots within ontological security supported by the social identity expressed within the values of employees and employers. Organisations are thus compelled to reform their structures by including ethics in their governance and governance in their ethics.

Rossouw and Van Vuuren (2010:205) identify two ways in which corporate governance and ethics are associated; the first is how ethical values underpin corporate governance, and the second is the expectation of corporate governance to manage ethical behaviour. They contend that the ethics of governance is not always explicit as ethical values that underpin corporate governance matters are superficially presented as principles of conduct. An ethical value underpins all governance regimes. The ethical values that underpin a corporate governance principle must be made explicit in identifying the moral obligation to society. They, however, assert that the governance of ethics is always explicit as it exposes what is expected from organisations. The governance of ethics is made visible in codes of conduct, policies, ethical training, and ethical performance. External forces pressure organisations to impose ethical values within their corporate governance policies and actions. Corporate governance ethics and the ethics of corporate governance allow for a more controlled and stable structure that will assist administrators in making decisions and behaving in a manner that expresses the values and norms of the organisation.

4.5 DECISION MAKING AND BEHAVIOUR

Terry et al. (2010:337- 338) state that attitudes are more significant predictors of behaviour when supported by congruent group norms. Group norms are standardised within organisational value systems, norms, and standards. Operational policies are transformed into

standards of operation and corporate culture that manifests itself in the behaviour of employees. Behaviour is not only influenced by attitudes but also by individual norms that are subjective. Individual values directly impact organisational culture that is communicated as standards that are operationalised through individuals with authority that are executed in ethical behaviour.

Good decision-making and ethical behaviour consistent throughout an organisation are only possible within a structured environment. According to Guy (1990:27-28) (figure 4.2), understanding ethical decision-making requires an appreciation of all contingencies informing such a decision and how it is intertwined with the individuals stimulated by an environment requiring an outcome. Making the “right” decision is dependent on the salience of the influences and information available to the decision-maker. Decision-makers are constantly under pressure to meet other stakeholders’ needs and compromise their own values. They must balance the organisation’s demands with their clients, suppliers, peers, and their own needs. All these competing demands and needs are “ethical moderators” as they influence and complicate the value of quality decision-making forcing expediency. The complexity of a situation demands greater discernment, discretion, and resources from decision-makers.

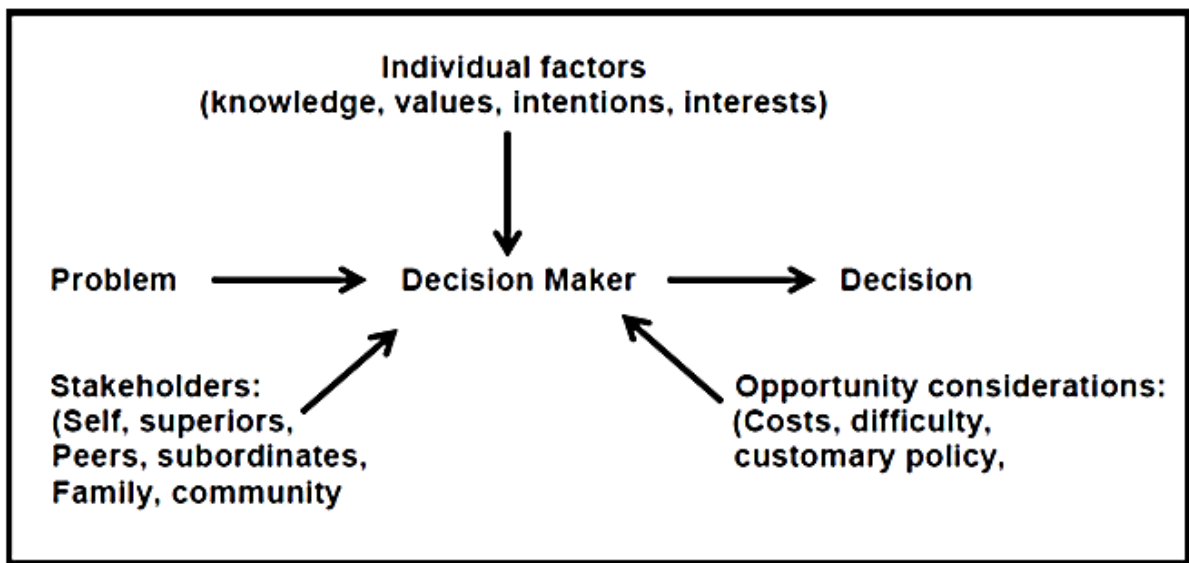


Figure 4.2: The Context of Decisions

Source: Guy, 1990:28

Gibson et al. (1991:17-18) emphasise that quality decision-making is dependent on the selection of clear and proper goals and the identification of a good structure for the achievement of these goals. The integration of a good structure and ethical behaviour will

probably increase the quality of decision-making. As organisations rely on collective and individual decision-making, management knowledge is required to effectively control these processes so that decision-making can be standardised by an agreed-upon value system and corporate culture.

A sound value system and generally accepted norms must be standardised to establish a corporate culture expressed in all employees and management's ethical behaviour. However, individual norms are subjective, and influence attitudes in how facilitating agents are derived and decisions are made (Figure 4.3).

Individual values will impact organisational culture when it is communicated as standards for operationalisation by individuals. Internal information systems communicate policies and corporate culture to employees providing information about processes, qualification criteria, access controls, and authority. Information systems are the conduits between facilitating agents and decision-making. Gibson et al. (1991:17) note that the ability of organisations to transmit, receive and act on information influences the organisation's survival as the communication process is the link between all internal and external environments. The environments in which organisations regulate processes, influence internal value systems, and direct strategy. Where regulation and organisational values direct strategy, corporate governance derives structure that gives agency to decision-makers.

Operational policies are given agency within regulation and organisational values, while corporate culture is influenced by regulation and organisational values. Guy (1990:14-16) affirms that values are guideposts for ethical decision-making and identified essential values central to the relationships between people and decision-making; *Caring* for people courteously with compassion and dignity and not as a means to an end. Employees and employers are both regarded as a means to an end because of their contractual relationship, with productivity outcomes being the exchange in the relationship. It is an unequal relationship with the employer controlling the balance of power. The relationship is often formed around the value the person brings to the organisation and not the value of the relationship. *Honesty* involves truthfulness as deception erodes credibility. A structured environment in which misrepresentation and dishonesty abound will become dysfunctional. *Accountability* is a value in which employees must accept the consequences of their actions. Accountability in a structured environment allows for acknowledging mistakes and speedy correction. *Keeping promises* supports an environment in which dependence on everyone becomes a driving force for trust to meet expectations for obligations. *Pursuit of excellence* involves diligence through commitment to the values and objectives of the organisation to minimise mediocrity so that the structure can operate in pursuit of all the organisation's goals. *Loyalty* is a value that

requires faithfulness from all stakeholders to safeguard all operational processes and the integrity of the business.

Loyalty does not imply unquestionable obedience but speaks to the integrity of individuals to act in a way that does not damage the organisation's reputation. Blind loyalty does not add any value to the decision-making process. *Fairness* means that individuals must be open to different opinions, admit errors, and be prepared to compromise when others offer better solutions. Act without favouritism or bias. Exercising *integrity* implies making independent judgments while avoiding conflicts of interest that lead to self-aggrandisement or enrichment. Regulations are impositions, and values are non-imposed moral choices. Operational standards are governed by operational policies communicated to decision-makers via an information system that captures and articulates policy and culture and acquires agency from the corporate governance strategy that extends authority and power to decision-makers to behave ethically.

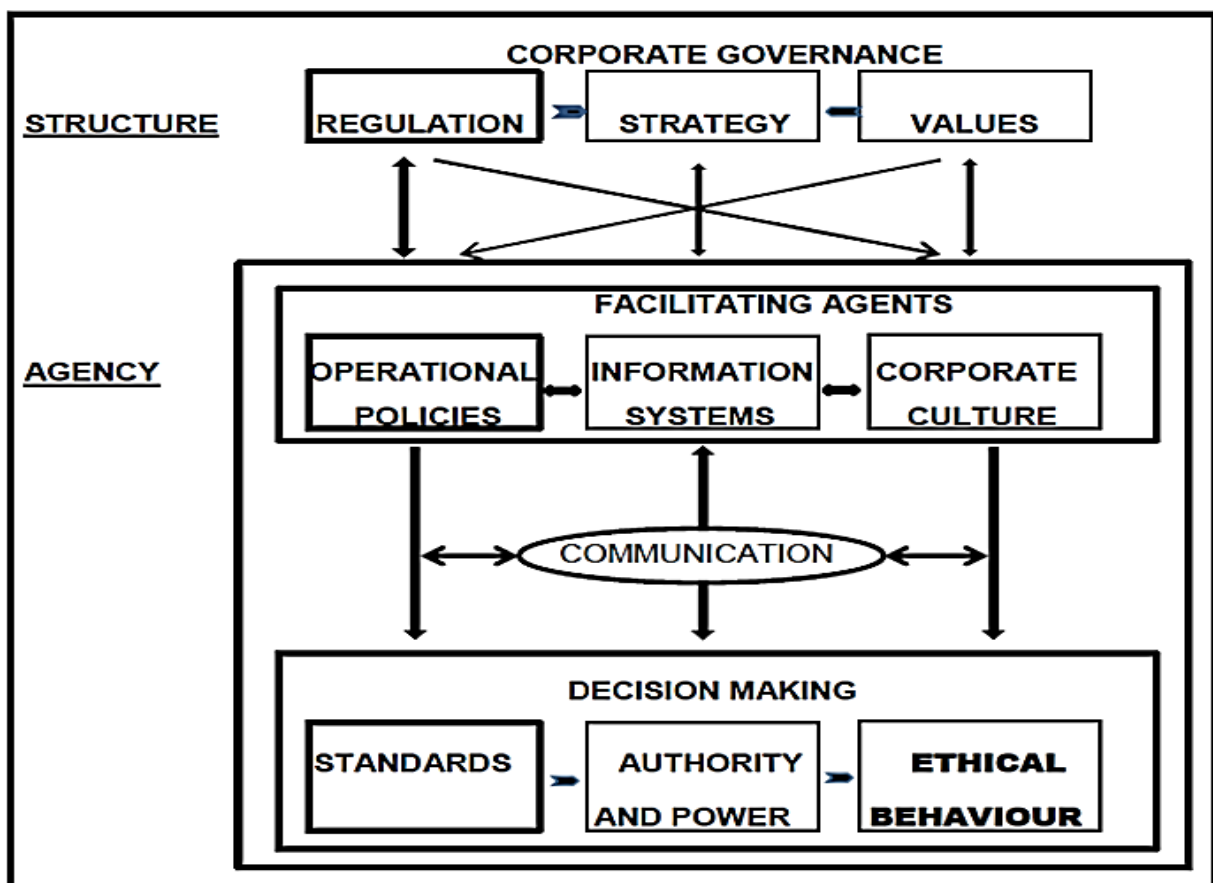


Figure 4.3: Structured Process of Ethical Decision Making

4.6 INFORMATION SYSTEMS: A TOOL FOR DECISION-MAKING IN STRUCTURATION

Information systems are vital tools in the structure of the decision-making process as it is part of the facilitating agents in policy application as it communicates operational policies to the decision-makers. Information systems capture standards of operation, regulate authority, and maintain a benchmark for organisational culture, thus ensuring consistency in decision-making. French et al. (2009:115-116) observe that while computers are used in problem-solving and automation, much discussion is taking place around the ability of artificial intelligence to act intelligently or mimic human intelligence. The assumption is that understanding how people respond or make decisions will assist in replicating human functions of thinking in machines. Extensive research is being conducted around incorporating human intelligence into computer modelling so that these artificial intelligence systems will be able to give predictive responses and make recommendations in assisting with decision-making.

In referring to Janis (1989), French et al. (2009:110-115) note that when decision-makers need to decide, they often use decision-making rules derived from past experiences or recognition where current situations are matched with past experiences. Experienced administrators in the financial services industry will search for information and collect data on their current situation or rely on their long-term memory to assist with decision-making. Where decision-makers are unfamiliar with the situation or may have no historical reference to the problem they are facing, they will divert to data provided by experts or data analysts, if any are available. In using the model in figure 4.4 on “*statistical interface and forecasting fit into decision support*” (2009:111), we can understand the interaction between science and values in the decision-making process. Science uses data analysis to create models for decision-making, while values depend on the objective viewpoints of human intervention. Statistical analysis is possible where data mining has been done using statistical inference and forecasting within the framework of organisational policies that determine what information is used and applied. Scientific analysis is not subjective and only deals with the facts available for decision-making, while values can change as the culture of the organisation changes or personal value systems evolve. In the figure, the left-hand side of the model shows the involvement of the data analysts using scientific approaches to do data mining and consequence modelling to make statistical inferences to assist the decision-maker. Science can model input and output by manipulating data and creating models to determine the impact of decisions where values operate in uncertainty because of the vulnerability of the changing human value systems that cannot make consistent decisions. The right-hand side considers the shareholders’ values. Values are modelled on preferences, experience, cost to the

organisation or loss they may incur. These values are captured in organisational policies. Science and values combine to guide decision-makers that enable them to evaluate the advantages and disadvantages of their decisions. Even though useful in some circumstances, the interface between science and values is not very helpful when quick decisions need to be made for large amounts of applications for financial service products in the financing industry. Therefore, more advanced tools were necessary to assist in the decision-making process that will also minimise human involvement.

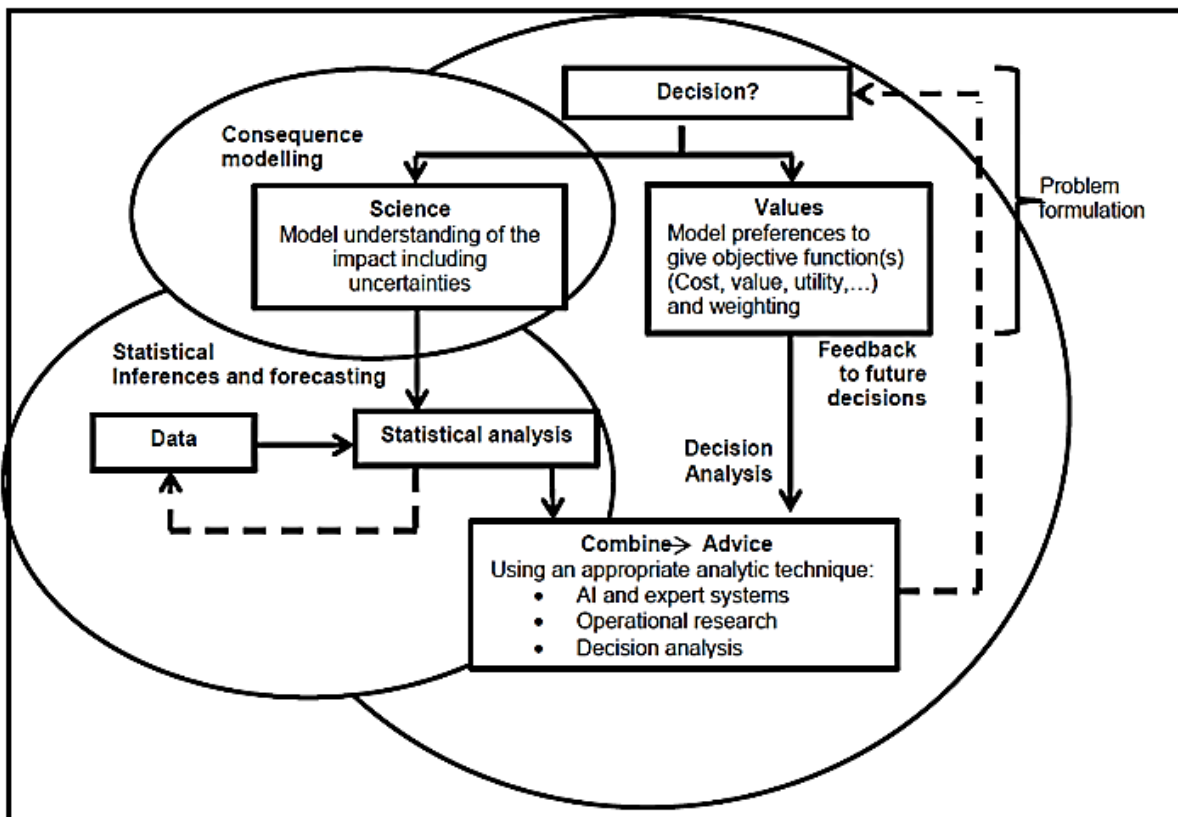


Figure 4.4: Statistical inferences and forecasting

Source: French et al., 2009:111

According to Jennings and Wattam (1998:150), tools available to model complex decision-making processes can aid administrators at all organisational levels. Analysing, capturing, and securing data in an information system is essential in the administrative process. It allows for the speedy retrieval of accurate information. Decision-making is a complex activity as all the actors have their own opinions and objectives; therefore, facilitation processes are recommended that allow for structured procedures within a system. Schank et al. (2010:59 – 60) indicate that case-based reasoning in decision-making will benefit institutions but that

reasoning depending on people's cognitive abilities, will have limitations. Allowing experienced staff to make decisions on "gut-feelings" results in the continuous movement of policies and rules as experienced staff may think that they are experienced and savvy to apply their case-based experience to every situation. Companies who have used their policies and rules as their only guide in decision-making in granting loans and financial products have always justified decisions as these were based and dependent on mandates encapsulated in their policies. Individual differences in judgment complicate the decision-making processes in many businesses as it often yields inconsistent results due to the interventions of conflicting personalities. Kuhberger (1998:38) reaffirms that individual differences can manipulate outcomes from any risky criteria that culminate in risky choices. Therefore, situational and individual differences are coefficients for risky decision-making. The aim, therefore, is to minimise the human interface and thus reduce risk. Case-based reasoning can form the bases on which computer-based software for decision making can be designed and must never be seen as being apart from scientifically formulated rules-based software systems. Computer software will aid in faster decision making when incorporating case-based experiences of staff.

Companies are continuously looking at ways to improve their decision-making processes, including introducing information technology with sophisticated software packages. Companies are growing larger, making it difficult for consultative decision-making to occur, thus requiring methodologies and technologies that allow for faster and more consistent decision-making. As a result, the need for applications for decision support is growing. For example, a growing number of companies in the financial services industry are using meta-analysis to determine trends in qualification criteria for the approval of applications for financial services. Meta-analysis allows for examining data from varied independent sources of the same subject to determine trends. Cheung (2015:1), in quoting Glass (1976:3), defines meta-analysis as "the statistical analysis of a large collection of analysis results from individual studies for the purpose of integrating the findings". According to Armstrong (1993:489), the primary purpose of office automation is to integrate information systems. The use of data networks assists staff and management in acquiring information from many sources. An integrated information systems store information in Local Area Networks (LAN) or Wide Area Networks (WAN), allowing for the immediate availability of up-to-date information that can be used for accurate and speedy decision-making. Quality information reduces inaccuracy in the decision-making process. Integrated workstations combine office computers into networks, allowing administrators to communicate with each other, making decision-making more consultative. For example, the criteria for loan granting are derived from analysing application regularity, personal financial credit rating, and affordability using meta-analysis modelling.

Information systems are tools that aid in decision-making and will never replace the role the administrator plays in the process. Smith and Johnson (1996:84-90) observe that while the traditional business has as its primary objective profit, they need to accept that ethics and values are central to the management debate and that the values adopted by an organisation must be acceptable to the individuals who are to implement them; therefore, the issue of ethics is a concern for those responsible for the development of information systems. Ethical problems arise when there is conflict between those designing information systems for decision-making and senior staff. As professionals, information system designers are subordinate to the objectives of senior staff. As long as the ethical position of information system designers is congruent and subservient to that of their seniors, it will be acceptable. A balance must be reached between the personal ethics of the information systems designer and that of the organisation. This can be done through ethical analysis.

Ethical analysis must be incorporated into any information or managerial system designed for decision-making. The decision environment should determine the control mechanisms that assist in analysing the ethical dilemmas faced within an organisation and design an information system that protects the interest of all parties involved in the application and supply of financial products. Information systems used in decision-making will present many ethical issues for stakeholders. The design of an information system for decision-making in the financial services industry must include the “Users”, those administrators who receive information from the system, “designers”, those responsible for the creation of the organisational system, “managers”, those responsible for the operational management and initiation of the system, and the “clients” who are the objects and benefactors of organisational activities. In Figure 4.5, the model indicates the ethical relationship between stakeholders in designing an information system. The model shows the interests of all stakeholders and the nature of the relationship between them. The “users” in the system require information that will support them in their decision-making. Thus, they benefit from a positive working relationship with the designers of the system and seek to maintain a thorough understanding of the system’s limitations. The “users” must optimise the knowledge they have of the system to support and meet the needs of their clients. The “managers” have a control function over the outputs of the “users” in the level of access users have to the system and their proficiency in servicing clients. Managers determine policies that give access to and monitor compliance in executing the information system policies by users and designers. Managers determine and maintain the service levels with clients. “Designers” have a functional purpose by designing a system that meets the design requirements of managers and users’ operational requirements so that the information system could be accessible and functional to clients. “Clients” benefit from designing an information system that is easy to use and accessible. The design of an

information system must meet the needs of all shareholders, but the question is often asked as to whose needs predominate so that the system can be ethically designed and applied? Issues of control and power arise in the relationship between stakeholders. Designers can, because of their knowledge, exploit the potential to manipulate processes resulting in power struggles between designers and managers as managers are often of the opinion that they have ownership of organisational processes and information systems. These power struggles lead to questionable decision-making in the conception, design, and implementation of information systems because of the hierarchical structure of most organisations in the financing industry.

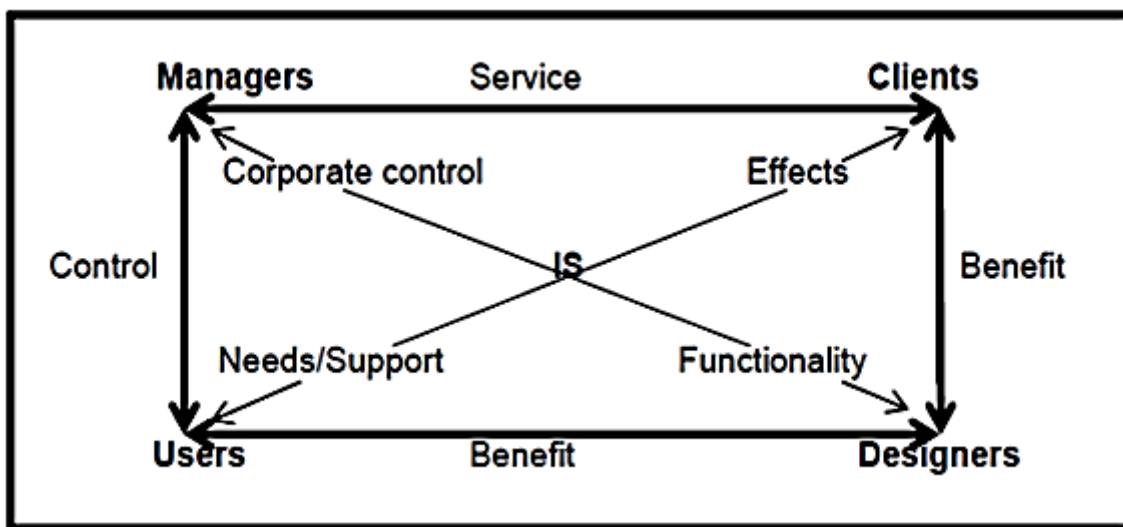


Figure 4.5: Stakeholder relations in an ethical model of information Systems

Source: Smith and Johnson, 1996:85

Ethical issues arise from the policy choice for the operational design of the required information system. The operational design choice could be a human-centred design or a systems analysis design. The human-centred design system allows the user to populate pre-designed documents with client information onto the system but allows for human intervention in the decision-making processes. The users are guided by organisational policies and their ethics within a system that adopts methodologies that are unitarist, hoping that everyone shares the same values, ethics, and levels of compliance to organisational policies. The system analysis design operates on a predicted assumption that the multiple competing assumptions of an organisation regarding criteria for the granting of financial products have been captured with the design of an information system. Consideration must be taken off the potential ethical conflicts that could have existed during the design of information systems that

may contain the desires and aspirations of managers or designers embedded in software programming. It is recommended that Soft Systems Methodology (SSM) be used to design information systems for financial institutions as it allows for greater application of ethical principles and policy directives to be assimilated into decision-making processes as it recognises the pluralist nature of the composition of organisations. It must, however, be noted that the introduction of any information system, no matter how analytical it may be in expressing organisational policies, may not secure the application of ethical judgement by individuals. Information systems must encapsulate all ethical concerns that may confront all stakeholders and thus protect the reputation of individual administrators and the business. Smith and Johnson (1996:93) identified four ethical concerns:

Privacy: The protection of individual information available to administrators is an ethical prerogative. Information must not be shared or used without the permission of the persons involved. Information systems must be designed to be secure and make information available only to those who have authority to access it.

Integrity: Data captured or retrieved from an information system must not be manipulated to suit the personal needs of anyone. The management of information must be ethically done, and the process must secure the integrity of the information system.

Influence: An information system must be designed to limit the amount and level of influence individuals may have in the design and application of the system. Unlimited influence leads to domination and manipulation of system designers, thus impacting the credibility of decision-making.

Impact: Information systems impact the capacity of administrators who use them. Surveillance tools are embedded in the software so that the performance of employees can be measured, and work processes monitored. The knowledge that they are being monitored results in employees using creative ways of manipulating the system to engage in unethical practices.

Ottensmeyer and Heroux (1991:521-522) highlight the concerns expressed by employees regarding the ethical application of information systems involved in the monitoring of their work performance. He noted that the practice was not universally condemned by employees as long as employees had input in the design and implementation of the system. Employees want fairness in applying a monitoring system that would not impinge on their ability to perform their duties, which results in them not having control over their work time or a loss of their autonomy, privacy or infringing on their dignity. Organisational policies must guide the design and application of information systems taking cognisance of administrative justice so that due processes can be adhered to for administrators to do their work unhindered and ethically.

French et al. (2009:117-124) identify tangible benefits that can be gained by using artificial intelligence in place of human intelligence in decision-making.

- I. Codified knowledge is knowledge that is formal and transmittable in systematic language. This kind of knowledge is permanent and can be stored to replicate decisions of a similar kind so that decisions are consistent and in line with policy directives. Codified knowledge will be available even when experienced administrators leave the company. Codified knowledge is captured in a programmed AI system
- II. Information for decision-making is readily available and accessible when using AI, while knowledge and information are not readily available or transferable between humans. Collaborative efforts are required to transfer knowledge between individuals. The knowledge base of AI systems can be increased without subjective intervention of the system.
- III. The performance of the AI system can be improved while the limitations of administrators place restrictions on their availability and capacity to work for long periods. AI systems have no emotions and are not susceptible to fatigue or other human factors that could reduce their ability to make decisions. Human beings will get bored with processes that require repetition, while AI systems will work doing the same thing repeatedly and reliably, requiring very little or no monitoring.
- IV. Decisions are immediately available, stored, analysed, and audited without question, while administrators are influenced by their own values leading to the manipulation of decisions.
- V. AI systems increase efficiency and consistency.

AI systems are used to support administrators and will never be able to mimic all human functions, notably where administrators are experts and experienced. Expert knowledge is not always readily available, but when available, it is used to override decisions made by AI systems. AI system decision-making is not flexible as it only responds to what it has been programmed to do. Deviation from policies is required at times, but decisions made that deviate from policies usually are assigned to expert personnel with vast experience and authority, requiring an override of the AI system. Administrators who are experts can draw conclusions and identify consequences and the impact that some decisions may have on the organisations that an AI system cannot do without programming. Experts have historical knowledge; they can interface with other experts, interrogate information, and articulate conclusions while empowering others without applying complicated algorithms. AI systems

have advantages above that of experts in that experts do not have the capacity to recall information in vast quantities, process large volumes of information simultaneously, test and validate information or be impervious to betraying confidences.

The financial services industry had not ignored the knowledge of experts when algorithms were written, or computer programs designed for decision-making. Instead, they used their expert knowledge to assist in designing computer-based systems to aid in the resolution of complicated decision-making scenarios. These computer based systems are known as Expert Systems (ESs). These ESs use rules derived from the assimilation of the knowledge of experts considering their expertise, reasoning, problem-solving skills and policy interpretation for decision-making. ESs are extensively used in supporting credit assessment, investment management and fraud detection. ESs assists in knowledge creation but also have several limitations, which include, but are not limited to, the following:

- I. No expert has all the required knowledge as the domain of knowledge each expert has is limited and difficult to elicit from individuals.
- II. Technologies are limited in the application of knowledge.
- III. An ES is limited in its effectiveness as common-sense, which experts may have, cannot be written into algorithms.
- IV. ESs cannot be sensitive to changes in the environment in which the business operates. Political nuances and even the impact of a pandemic such as Covid 19 are not responded to speedily to adjust to clients' needs or situations requiring immediate policy adjustments. Experts can easily adjust to environmental changes, while ESs must be reprogrammed.
- V. The effective communication of experts is trusted much more than that of an ES.

Where experts are required to make repetitive decisions such as the granting of loans or the updating of customer profiles, but difficulty is experienced in consistency, reasoning or the interpretation of rules that can result from shifting values systems and even questionable ethics, Artificial Neural Networks (ANN) technology is required. ANNs can recognise patterns, classify problems, and make consistent predictions. An ANN system is indicative even though not consistently accurate as it uses node computations and weights for decision-making. Weights are given to input data. It is challenging to articulate individual values and all inferences made by policies in ESs and ANNs systems for decision-making or its impact on administrator ethics. Much research needs to be done to investigate methodologies to uncover

theories around AI systems used to articulate organisational policies and how it impacts administrator ethics.

Sauter (1997:4-13) suggests that the way to improve the process of choice, the collection and analysis of information must be improved, and the way of accomplishing this is by introducing decision support systems (DSS). These systems are computer-based and gather information from various sources, analysing it to make assumptions. The DSS allows for the use of internal and external information that has been generated and processed to be available in the assistance of decision making. The DSS allows for improved quality of data that is made available and the responsiveness of decision-makers. A DSS transforms data into information, making it easier to make consistent and ethical decisions that facilitate processes that are more compliant with organisational policies. The changes in decision making have become more complex over time; therefore, managers are finding it very difficult to manage every aspect of the decision process. The DSS allows managers to monitor compliance with policies as information can be retrieved at much faster speeds and the complicated DSSs have embedded monitoring software. In addition, the DSS allows for a period of review of assumptions and to check the sensitivity of recommended solutions.

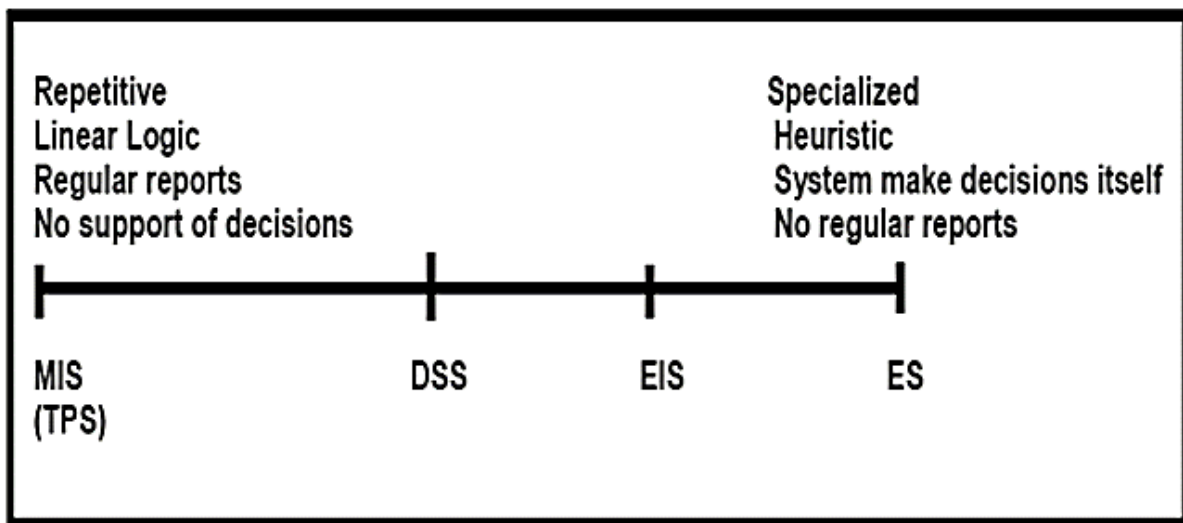


Figure 4.6: Continuum of information systems products.

Source: Sauter, 1997:13

In using the “Continuum of information systems product” of Sauter (1997:13), it can be seen how valuable the DSS is as a facilitator for policy embedding in the decision-making process by administrators.

The process allows for policy review before final decisions are made, thus allowing for policy compliance and consistency in decision-making. In Figure 4.6, the diagram illustrates the link between repetitive decisions based on linear logic on the left and specialised decisions based on heuristic logic on the right. Linear logic is a process where formulas are used as resources to guide decisions by applying unstructured rules of contraction by using formulas that only apply to a restricted logic from specific modalities. Linear logic is used where repetitive decisions are made within a system where processes or information does not change. Any deviation in linear logic is regarded as an action contrary to organisational policies. Linear logic enforces consistency in decision-making but does not consider variation in input data. The use of heuristic logic argues that local hypotheses advance knowledge as every problem or situation is not the same, and those inferences can be made about every situation that will influence decision making. Heuristic logic does not undermine policy directives but emphasises that not all situations are the same and that flexibility must be built into every decision-making process by using practical to produce solutions. The continuum indicates that conventional management information systems (MIS), such as transaction processing systems (TPS), are best suited for policy embedding to enforce regularity and speedy decision-making within a structured environment requiring anticipated results for pre-set criteria. The TPS is programmed to receive data, integrate it, and produce results. Therefore, these systems are not orientated to analyse the input data and are not recommended for decision support. The expert systems (ES) are intended to facilitate human logic derived from experts over an extended period. The expert advice is incorporated into computer programmes by using advanced algorithms to allow policy embedding and higher levels of decision-making by the MIS. The heuristic logic in the ES will be mimicked in most situations requiring deviation from the linear process to support decision-making but will only be helpful to the extent to which the system is programmed. Intervention that requires flexibility is required between the MIS and ES. In the financial services industry, managers or executives of the organisation are given authority to intervene in the decision-making process utilising the executive information system (EIS); some employees may also be given access to a DSS to override the system to make interventions using heuristic logic to make judgements for quick and efficient processing of applications for financial products. The EIS and DSS will be used by individuals who will access information to make decisions where policy interpretation may be ambiguous or may not make provision for a variable not identified or programmed onto their system. The DSS becomes a flexible mechanism to aid in problem identification, problem analysis and the provision of solution options to meet clients' needs, optimise business opportunities, and assist in continuous policy innovation. DSSs are critical in structuration as regularity encourages consistency in decision-making supported by a system that enforces and guarantees compliance with policies and ethical behaviour by administrators.

4.7 SUMMARY

Structure implies a regulated recurring formal process in which order exists to optimise resources to achieve an outcome to transform an organisation. Structure is a medium to an outcome directed by agents who are shareholders in the process. Structure enforces regularity and predicted outcomes. Structure formalises process and, therefore, makes the formulation and adoption of policies much easier as regularity and process give rise to quality standards. Routine makes programmed decisions possible that are captured in rules. These rules form the foundation for policies. Agents apply the rules as they possess moral agency enshrined in their ethics and organisational policies. Information systems are conduits by which the structure communicates policies, governance culture and strategy to decision-makers.

In Chapter 5, the research design and methodologies are discussed, explaining why the methodology was chosen.

CHAPTER 5

RESEARCH DESIGN AND METHODOLOGY

5.1 INTRODUCTION

The previous chapter provided an overview of the background theory underpinning this research. The chapter also contributes to answering the question of the influence that structure has on recursive hierarchical systems in business to illustrate the duality between the syntagmatic and paradigmatic nature of organisational policies within a system that is continually reproduced. Therefore, the chapter was arranged into sections that analyse the transformative nature of structures resulting from the factors that influence agent ethics and morality that impact corporate governance and, ultimately, decision-making capacity in policy formulation.

This chapter discusses the research design and methodology followed in the research study. The approach to the study was both idiomatic and nomothetic. The idiomatic approach was used to understand the context of the environment in which the office administrator works and nomothetic to uncover generalisations in the structure on how policies influence office administrator ethics in a financial services company in South Africa.

Drawing from Adams et al. (2014:1-3), the research adopted a methodology and approach to investigate the problem diligently. The study aimed at uncovering new facts through the collection and interpretation, and the interrogation of existing theories in the light of new uncovered facts or ideas.

As stressed by Adams et al. (2014:5), the study endeavoured not to confuse research method with research methodology, understanding that a research method is a process of conducting research while research methodology is the science and philosophy that directs the research. According to Mouton (2001:4), “a research design is a plan or blueprint of how you intend conducting the research”. Allan (2010:24) asserts that methodology refers to theories involved in acquiring new knowledge and the activities involved in collecting, identifying, and justification for employing a chosen research method. The research method decided upon was informed by the theoretical framework of ethics and structuration theory; therefore, this study aimed to advance the understanding of how individual ethics are aligned with organisational policies within the financial services industry in its research design.

5.2 RESEARCH DESIGN

Minimal empirical studies have been done on the congruence between policy and ethics in business; therefore, this study will be exploratory. The research was thus designed to explore

the phenomenon to find answers to the research questions to understand the research problem better. Habib et al. (2014:7) state that exploratory or empirical research is conducted where new ideas and concepts are explored in areas where a hypothesis is transformed into a research problem.

According to Puth (1996:87), finding a suitable research design can be complicated due to the availability of many methods, procedures, and advanced computerised technology. This research study adopted an exploratory approach by analysing research data that provided qualitative and quantitative inputs to clarify the research problem. The primary way research in the field of sales generates knowledge is by employing qualitative and quantitative research methods. Quantitative methods are used to verify and test empirical theory-based hypotheses deductively, and qualitative methods are used to generate knowledge and insight deductively by using non-statistical solicitation. These methods are put forwards by Creswell (2007) cited in Johnson (2015:334). This research was confined to the financial services sector and involved a research population spread across a large geographical area; thus, an exploratory approach was appropriately guided by quantitative data collection and empirical qualitative theory testing.

5.2.1 The Exploratory Sequential Design

According to Harrison and Reilly, cited in Johnson (2015:336), sequential mixed research methods research may choose an approach that can be either exploratory or explanatory, with the exploratory sequence approach following a qualitative-then-quantitative sequence, using the qualitative data gathered to inform the qualitative phase that follows. On the other hand, the explanatory sequence approach follows a quantitative-then-qualitative sequence, using the finding derived from the quantitative analysis to make qualitative conclusions.

This research pursued a mixed approach conducted in two phases, with the sequential method utilised being qualitative with quantitative inferences made. The two-phased exploratory approach was to allow the qualitative results to guide the development of quantitative inferences in the second phase of the research from the data obtained. According to Greene et al. (1989), cited in Creswell & Clark (2011:86), exploratory research approaches are necessary when:

- i. There are no clearly defined instruments or means of measure available.
- ii. There is no available theory or guiding framework from which to work.
- iii. There are no explicit variables available that give insight into the workplace practices within the demographic under review.

5.3 DATA COLLECTION METHODS

The primary research method for this study was a literature review and surveys. The study first reviewed the understanding of what ethical practices are amongst employees within the financial services industry and their conceptual framework of how their ethics are aligned with organisational policies. The second phase of the study reviewed the process modelling for policy formulation within organisations. Finally, once the conceptual framework for ethical and unethical practice within the industry had been established and policy process models had been identified, a model for congruence between individual ethics and organisational policy was developed. This study utilised a combination of the qualitative and quantitative research methods as it measured the understanding and interpretation of theoretical concepts in relation to statistical information resulting from application in industry.

The qualitative research method focused on understanding, individual interpretation of ethics, ethical practices and policy formulation processes within the organisation utilising a questionnaire. Grounded Theory allowed for the development of theory that generated a clear explanation of the conceptual framework around individual ethics from the targeted population to resolve alignment issues around congruency between individual ethics and organisational policy. Ahmed and Haag (2016:76-78) warned that grounded theory is a much-debated theory and that there is always a need to defend this method and insisted that it is well used in areas where not much is known. The quantitative inferences made from this research will focus on the interpretative representation or misrepresentation resulting from the personal ethical application of policies from the qualitative data collected.

Data collection was guided by theoretical sampling utilising the constant comparative method, as the theory derived is "grounded" in the structure and everyday experiences of employees within the financial services environment. Merriam (2009:21-23) refers to this kind of research as Basic Qualitative research as it includes an underlying phenomenon of (i) how individuals interpret experiences, (ii) how people construct their own realities, and (iii) the value people attribute to experiences. In this way, deductions were made on how employees consciously experience and understand their workplace, the phenomenology of how behaviour is formed by the relationship individuals have with their physical environment and the situation they find themselves. Merriam (2009:24-27) emphasised that phenomenologists must depict the essence of the human experience through the epoch of the encounter where prejudices and assumptions allow for an experience or opinion to be articulated. According to Birks & Mills (2010) cited in Graue (2015:5-14), when a researcher applies grounded theory, they can extrapolate on any process or phenomenon; therefore, this study allows for the extrapolation of the influence that organisational policies have on employee ethics in the financial services industry.

This study used probability sampling involving employees working in the processing and approval of the financial services sales- department within a medium financial services company in South Africa. Probability sampling affords each respondent an equal opportunity of being selected, thus making provision for the least number of errors (Leedy & Ormrod 2013). The primary way research in the field of sales generates knowledge is by employing qualitative research methods, where qualitative methods are used to generate knowledge and insight deductively by using non-statistical solicitation. The qualitative research method focused on understanding, individual interpretation of ethics, ethical practices, and policy formulation processes within the organisation by using a self-administered questionnaire with 98 responses from a target population of 142 employees spread among all operational levels in the organisation. Aspects of the population's ethical perceptions were measured using three measurement scales: ordinal, nominal, and interval scales. In addition, the validity and reliability of data were increased by using an online questionnaire that protected the privacy of all the respondents, with the analysis of the data being electronically processed.

5.3.1 Quantitative Research Method

Quantitative measurements obtained from this study were extracted by inferences from the qualitative results obtained from a research questionnaire, as this research study is exploratory and empirical. Short (2014:11) states that if quantitative research is to result in the generation of new knowledge and understanding, the measurements must have as their foundation a clear and adequately constructed design so that empirical information will be the outcome and not generalisations; data emanating from such surveys can only be as good as the design of the survey instruments used. Furthermore, this research study comprises a population spread over a sizeable demographical area and will thus be best suited to qualitative data collection via questionnaires.

5.3.2 Qualitative Research Method

Value in qualitative research is found in theory generation, and elaboration and not so much in theory testing and is mainly prevalent in questions involving business ethics where limited theory is available to test hypotheses. According to Hogan et al. (2009), qualitative research investigates behaviour by analysing the actions of any targeted population. According to Flick (2009), cited in Graue (2015:5-14), qualitative research has the following features:

- i. The best choice of appropriate theories and methods.
- ii. It recognises different perspectives.
- iii. The researcher's own reflection forms part of the production of knowledge.
- iv. A variety of approaches can be adopted.

The research method employed in this study was most suited for research of this nature as it allowed for the use of the selected theory, making the inferences drawn about the phenomenon quantifiable and reliable.

5.4 POPULATION AND SAMPLE SIZE

According to Adams et al. (2014:85-86), the level of precision provided by the sample size is independent of the population size, and if the population is correctly selected, the results can be more useful. However, information shortfalls can arise due to a large, dispersed population due to the sample not covering the total targeted population. Therefore, this research focuses on office administrators in an organisation with a national footprint with offices in all provinces to ensure a population that fairly represents employees in the financial services industry.

The intended research population included individuals from different linguistic, ethnic, and cultural backgrounds working within the financial services industry. Oliver (2010:100-101) indicated that language is a critical factor in ethnicity, and so is education and must be given considerable attention to not discriminate against the targeted sample. In addition, the respondents must have a clear understanding of what they are requested to do.

Chambers and Clark (2012:28-29) warn that the target population in economic data collection is not homogeneous and comprises distinct units, with each stratum being large. The population was further delineated as follows: product sales staff, sales administration staff and general administration staff to not influence the quality of the research results that could provide skewed findings.

This research targeted a population from a large national financial services company in South Africa that provided a representative population that operates in all nine provinces across South Africa.

The strata in the financial services industry are heterogeneous in relation to their operational functions and can be divided into the following functional frames as indicated in figure 5.1.

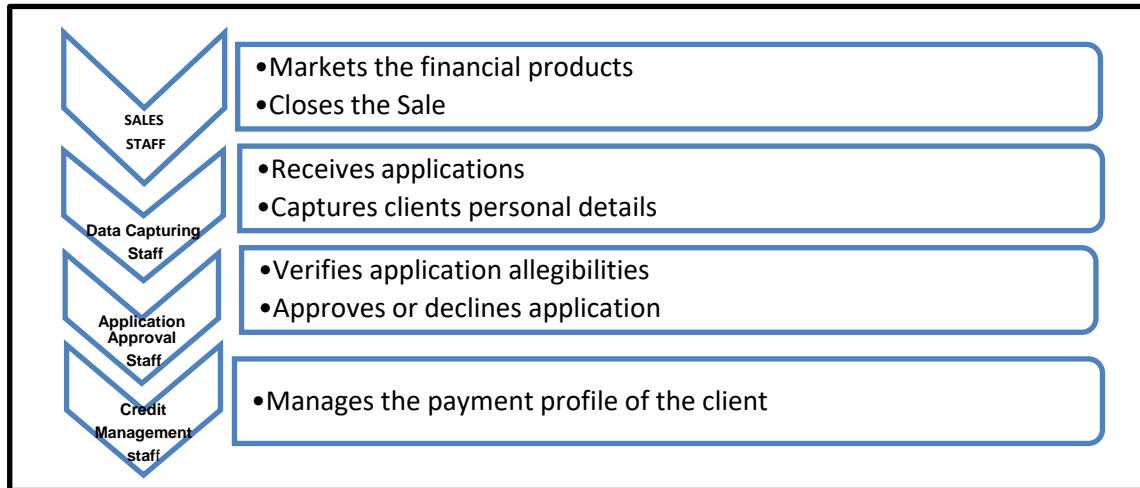


Figure 5.1: Strata Spread in Financial Services Organization

Domains of interest of subpopulations can be defined into areas of interest due to other output categories that include location and economic wellbeing.

5.5 DATA COLLECTION INSTRUMENT

This research was primarily qualitative; the data collected required careful analysis and interpretation. One hundred forty-two questionnaires were transmitted to all the targeted respondents within the different strata. Phillips and Stawarski (2008:64-65) state that the data collection instrument used must be appropriate for the kind of research undertaken and must be aware of the culture of the organisation from whom information is required, the convenience of the respondent and the cost involved.

A typical example of internet-based surveys is the electronic self-administered questionnaire posted to respondents via email, where respondents answer the questions on the screen by ticking their options or writing their responses (Zikmund & Babin, 2010:230). In addition, respondents received structured questionnaires via their internal company email systems. The structured questionnaire provided respondents with their own opinions and responses to increase the possibility that vital information was not missed, thus increasing the quality of this research.

5.6 DATA ANALYSIS

The qualitative information derived from this research was used to make qualitative and quantitative inferences as the research was analytical and interpretative, using the aims and objectives of this research as a reference. Stake (2000:71-77) suggests that data analysis can develop the moment data is collected, where analysis gives meaning to impressions derived from information. Two strategies were employed to extract meaning from the data: direct conclusions from a singular instance or after the accrument of instances for the intention of

deriving conclusions. The aim was to derive theoretical concepts and thematic patterns from the collected data.

5.6.1 Quantitative data analysis

The data collected was used to make quantitative inferences denoting how many, how frequently or what size of the population responded in a particular way. In addition, figures were used to indicate trends and distribution derived from the results of the research data analysis. According to Creswell and Clark (2007:130-133), the figures will provide a coherent picture of the quantitative results.

5.6.2 Qualitative data analysis

The raw data collected was analysed using the data analysis software iFeedback. Mayer (2015:53) states that the research question evolves from an inductive empirical cycle in which the main concern is the generation of theory from data. Qualitative data analysis has as its primary focus the understanding of the phenomena under review. Qualitative research is the systematic empirical search for meaning that requires the collection of observations, empirical material, and case studies (Stake 2000:5). The findings derived from the qualitative data analysis allowed for meaningful qualitative conclusions to be made that answered the research questions and provided context for the literature studies that resulted in valid and reliable data.

5.7 DATA RELIABILITY AND VALIDITY

This study adopted an interpretive approach; therefore, data were collected using a questionnaire from which qualitative data was acquired for analysis. From the inferential statistics obtained, qualitative and quantitative information was acquired about frequency and volume that provided answers to the research questions. The data was collected electronically within a safe environment, allowing respondents the freedom to complete the questionnaire without any interference or coercion and analysed using iFeedback software to ensure accuracy and avoid bias. The descriptive analysis derived from the survey results is discussed in chapter 6. The research followed an exploratory approach with a phenomenological design focused on the experiences of individuals to document their conscious experience to construct an overall portrait of how organisational policies influence office administrator ethics in a financial services company. The research strategy was thus idiographic rather than nomothetic to avoid generalisations. Furthermore, the idiographic strategy allowed identifying specific properties of how administrators will respond in a similar context. Finally, as this research was subjective, the researcher chose qualitative research methodologies.

The Cronbach Alpha test was used to determine the reliability of the research results by measuring the internal consistency of the primary constructs of the research. The Cronbach

Alpha test provided an index of the reliability of the score accounted for by the underlying construct where hypothetical variables were measured (Schindler. 2001: 216-217). The research instrument used was predominantly a multiple-question Likert scale instrument, and therefore the Cronbach Alpha test was best suited for this kind of reliability testing. Single constructs were tested separately to ensure internal consistency to obtain face and content validity across the spectrum of questions. Validity concerns itself with whether the actual measurement most accurately reflects the intended measure (Rose and Sullivan. 1996:19), while “content validity” was concerned with the sample adequacy (De Vos and Fouche. 1998:84). The constructs were tested to validate the measure to which it behaves consistent with the theoretical hypotheses, in this instance, “how do organisational policies influence office administrator ethics in the financial services industry? The face validity indicated that the test achieved what it desired by using the selected research instrument, in this instance:

- I. Levels of staff involvement in company policy formulation.
- II. Benefits of policies in the workplace.
- III. Barriers to policy compliance.
- IV. Personal ethics.
- V. Organisational ethics

The Cronbach reliability test was executed using the formula:

Cronbach's Alpha

$$\alpha = \frac{K}{K-1} \left[1 - \frac{\sum S^2 y}{S^2 x} \right]$$

VARIABLES	DESCRIPTION
K	Number of test items
$\sum S^2 y$	Sum of the item variables
$S^2 x$	Variance of total score

The Cronbach Alpha results were interpreted by using table 5.1.

Table 5.1: Cronbach’s Alpha Internal Consistency Interpretation Table (Source: <https://www.statisticshowto.com/cronbach-alpha-spss/>)

CRONBACH’S ALPHA	
Interpreting Alpha for Likert scale questions	
Cronbach’s α	Internal Consistency
0.90 and above	Excellent
0.80 – 0.89	Good
0.70 – 0.79	Acceptable
0.60 – 0.69	Questionable
0.50 – 0.59	Poor
Below 0.50	Unacceptable

The Cronbach Alpha reliability test calculated the Consistency of Staff Involvement in Company Policies from the research results obtained (Table 5.3 on pg. 288, Appendix C).

VARIABLES	VALUES	INTERNAL CONSISTENCY
K	23	INTERNAL CONSISTENCY IS EXCELLENT: ABOVE 90%
ΣS^2y	28.89	
S^2x	230.03	
$\alpha=(23/(23-1))*(1-28.89/230.03)$	0.91	

The Cronbach Alpha reliability test for internal consistency (refer to table 5.3, pg. 288, Appendix C, Section C) referring to staff involvement in policy formulation is 0.91. This is excellent according to the Cronbach’s Alpha Internal Consistency Interpretation Table, thus proving the reliability of the test for this construct.

Using the Cronbach's Alpha reliability test to calculate the consistency in the office administrator's perceptions about the benefits of policies in the workplace produced the following results from information obtained from table 5.3, pg. 2888, (Appendix C, Section D)

VARIABLES	VALUES	INTERNAL CONSISTENCY
K	10	INTERNAL CONSISTENCY IS EXCELLENT ABOVE 90%
$\sum S^2 y$	7.91	
$S^2 x$	73.6	
$\alpha = (10/(10-1)) * (1 - 7.91/73.6)$	0.99	

The Cronbach Alpha reliability test for internal consistency (refer to table 5.3, pg. 288) indicates internal reliability of 0.99 for the office administrator response to Section D of the research questionnaire, thus verifying the reliability as excellent for the staff perceptions of the benefits of policies in the workplace.

In tabulating the reliability of the different constructs of the research as captured in the different sections of the research questionnaire, table 5.2 below provides a comprehensive overview of the validity of the research.

Table 5:2 Comprehensive Cronbach Alpha validity analysis table

RESEARCH SECTION	FORMULA	TABLE	RESULT	INTERPRETATION OF RELIABILITY AND VALIDITY
Section C: STAFF INVOLVEMENT IN COMPANY POLICIES	$\alpha = (23/(23-1)) * (1 - 28.89/230.03)$ $\alpha = \frac{K}{K-1} \left[1 - \frac{\sum S^2 y}{S^2 x} \right]$	Table 5.3 pg.288	0.91	Excellent. Indicates that the staff agrees that involvement in policy formulation is vital to encourage policy compliance in the operations of the organisation, emphasising that management involvement is essential and that policies have an impact on staff morale. Thus, meeting objectives 1, 2, 3, 4 and 5 of the research.
Section D: BENEFITS OF POLICIES IN THE WORKPLACE	$\alpha = (10/(10-1)) * (1 - 7.91/73.6)$	Table 5.3 pg.288	0.99	Excellent. Indicates that the framework for operational processes created by policies increases congruency between organisational codes of ethics and employee ethical decision-

				making. Thus, meeting the requirements of research objective 6.
Section E: BARRIERS TO POLICY COMPLIANCE	$\alpha=(11/(11-1))*(1-16.37/61)$	Table 5.4, pg.294	0.80	Good: Demonstrates that office administrators are aware of the barriers that influence their compliance with policies, thus meeting the requirements of objectives 2, 3, 4 and 5 of this research.
Section F: PERSONAL ETHICS	$\alpha=(12/(12-1))*(1-5.9/27.6)$	Table 5.5, pg.296	0.86	Good: Indicates a high level of ethics among the employees that assisted in formulating the Employee perception and response to the policy matrix (EPRPM) (Figure 7.1) and meets the requirements of research objectives 5 and 6.
Section G: ORGANIZATIONAL ETHICS	$\alpha=(10/(10-1))*(1-25.59/71.5)$	Table 5.6 Pg.303	0.71	Acceptable: Indicates that the organisation maintains an acceptable standard of ethics. Thus, meeting the requirements of objectives 1, 3, 4 and 5, proving that organisational policies do influence employee decision-making, the NCA does provide a guide when codes of ethics are formulated, verifying that congruency does exist between organisational codes of ethics and the value systems of administrators in the financial services industry.
Arithmetic Mean $A = (0.91 + 0.99 + 0.80 + 0.86 + 0.71)/5 = 0.85$				SUMMARY The average of the five constructs tested for validity shows a mean value of 0.85. Therefore, according to the Cronbach's Alpha Internal Consistency Interpretation Table (figure 5.1), the validity of this research is GOOD.

The reliability and validity of the research are attested to by best ethical practices being followed to acquire and process the research information and results; this is evident and captured in Annexures A, B, C and D.

5.8 ETHICAL CONSIDERATIONS

This study, without exception, complies with all International, National, Local, and institutional Codes of Ethics and, at all times, respects the dignity of participants. No harm or adverse consequences resulted from the research (Cooper and Emory. 1995:97). The organisation and employees' privacy, anonymity, and confidentiality were protected, leaving no one vulnerable to ethical breaches. mentions concerns that organisations may have regarded: (1) The time and resources required to conduct the research were kept to a minimum and not

falsely stated, (2) The sensitivity of the topic did not negatively impact the organisation, nor was an emphasis placed on non-participation. (3) clear assurance was provided that the confidentiality of data and the anonymity of individuals and the organisation will be guaranteed (Saunders et al. 2016: 235-236). The organisation was assured that the research would be beneficial to them. Participation by all individuals was voluntary, with informed consent acquired from each participant and no compensation paid to anyone. Saunders et al. (2016:251-252) refer to the nature of consent that ranges from the participants having a lack of consent, inferred consent that involves some form of deception and ultimately, to where participants are fully informed and thus gain informed consent. Figure 5.2 illustrates the nature of consent.

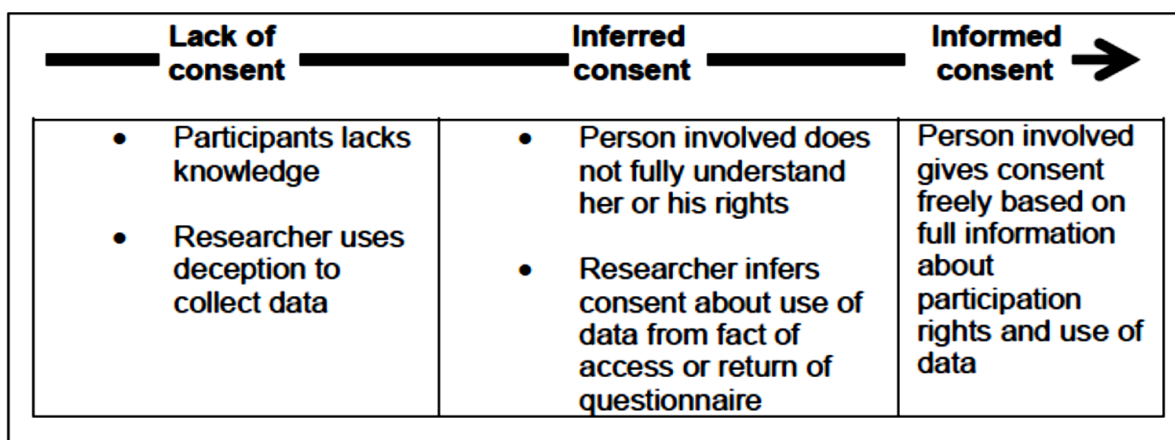


Figure 5.2: The nature of consent.

Source: Saunders et al., 2016:252

The research ensured that participants were not under the impression that their full consent was not acquired by devious methods and avoided the assumption that they were being deceived by how data was collected or processed. It was also to ensure that participants who did not fully understand their rights to consent to data collection were informed by the human resources executive through two information sessions to explain the whole process of data collection and analysis. Informed consent was only acquired when participants were fully informed about the research process and completely understood for what they had given consent.

The right of participants not to participate was upheld in this research. The interactions during data collection remained impartial and objective by using iFeedback software to avoid any bias or manipulation of the research results. The research supervisor reviewed the content of all research instruments prior to it being made available to respondents. The primary data was ethically acquired, analysed, verified, and accurately reported, as stated in paragraph 5.7. As

this research is value-based, the ethical, philosophical assumptions adopted for the participants are axiological as they had to detach themselves from their own feelings by being objective. However, because they were the agents of policy formulation and the subjects of the consequences of policy content, they had to be subjective. Objectivity was maintained throughout the entire research as the research had to adopt an ontological approach to deal with the realities faced by participants so that the prime focus was on the facts, leading to the interpretation being value-free. The researcher had no contact with any of the respondents prior to, during and after the data collection and processing phases. The research instrument used was a structured questionnaire that respondents completed independently that secured the anonymity of participants so that the phenomena were uncovered in an unbiased way. The researcher had no preconceptions or subjective interpretation of the data that could influence the research outcome or its validity.

5.9 SUMMARY

An interpretive approach was adopted for this study. Data was collected using a questionnaire from which qualitative data was acquired for analysis. From the inferential statistics, quantitative information was derived about frequency and volume that provided answers to the research questions. The Cronbach Alpha analysis provided a measurement for the internal consistency of the five constructs that were reviewed to determine how closely the constructs relate as a group and produced a coefficient for reliability. The next chapter will present the results obtained from this research.

CHAPTER 6

PRESENTATION OF RESEARCH RESULTS

6.1 INTRODUCTION

The preceding chapter discussed the research methodology followed during this research study. This chapter discusses the presentation of the qualitative data gathered from a structured questionnaire that allowed for quasi-quantification of the data from the use of Likert scale type terms such as “strongly agree”, “strongly disagree”, and “never”, “sometimes”, “usually” and “always” in summarising frequencies and quantification of data for analysis. The study applied the concept of etymology to the data collected and drawing from Shank (2006:165), who designates the origin of the word “etymology” to be Greek, meaning “to break apart or to resolve into its elements”, categorical variables were done that allowed for the measuring of preferences or interpretations of respondents. Nominal variables assist in categorising biographical data and operational grouping of employees. While having very little relevance in statistical analysis, according to Agresti (2013:2-3), it provided relevance in analysing the data relating to experience. It indicated the operational risk associated with exposure to possible unethical practices and the propensity for unconscionable behaviour by employees in specific employment categories. The ordinal variables used in the Likert scale identified choice and provided numerical distinction or distance in difference with distinct categories that were quantifiable and presented variables intervals that were measurable for statistical analysis. This chapter commences with the presentation of the respondents’ biographical information, followed by employment history analysis and finally, the dissemination of the respondents’ involvement in policy formulation and personal and organisational ethics. The employee responses are visually presented.

6.2 RESPONDENTS’ BIOGRAPHICAL INFORMATION

The biographical information included the gender, age and levels of education presented in the pie graphs below.

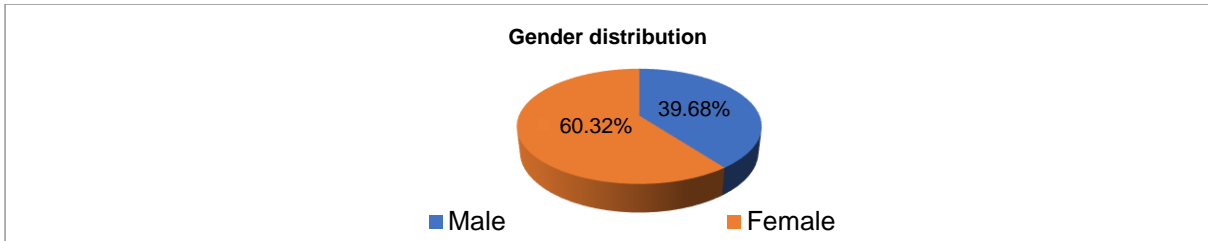


Figure 6.1: Gender

Given Figure 6.1, at least 60.32% of the respondents who participated in this research were female and 39.68% male.

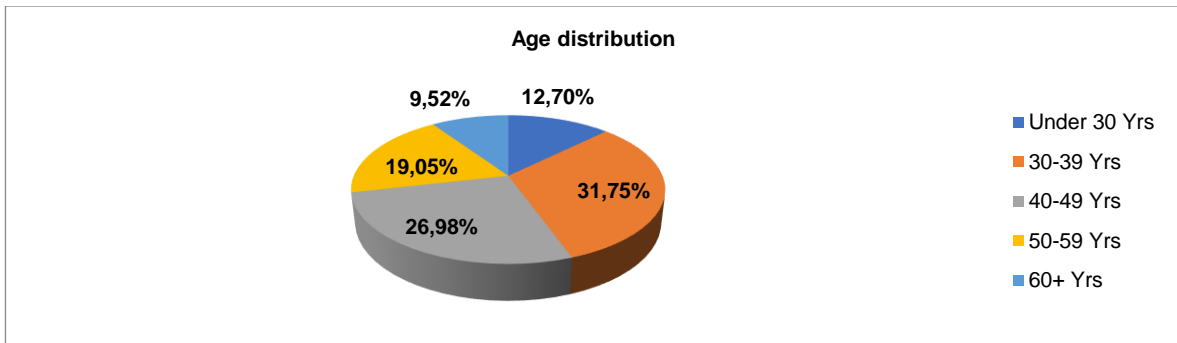


Figure 6.2: Age grouping

A large proportion (31.75%) of the respondents were aged between 30 and 39 years, with the majority (55.55%) being over 40 years of age.

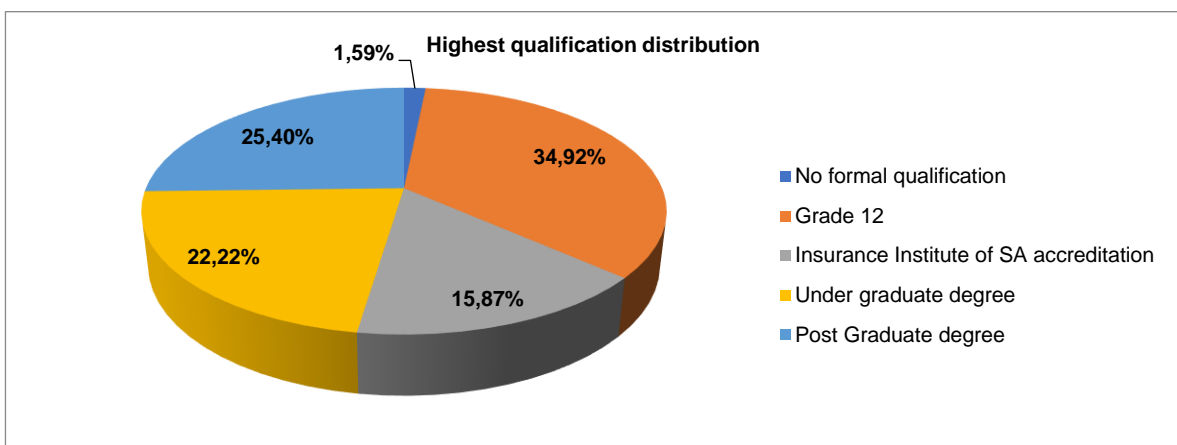


Figure 6.3: Highest qualification obtained

Most of the respondents (63.49%) hold a post-high school qualification, with (15.87%) industry recommended qualification from the Insurance Institute of South Africa.

The biographical information includes the respondents' work experience and operational functionality.

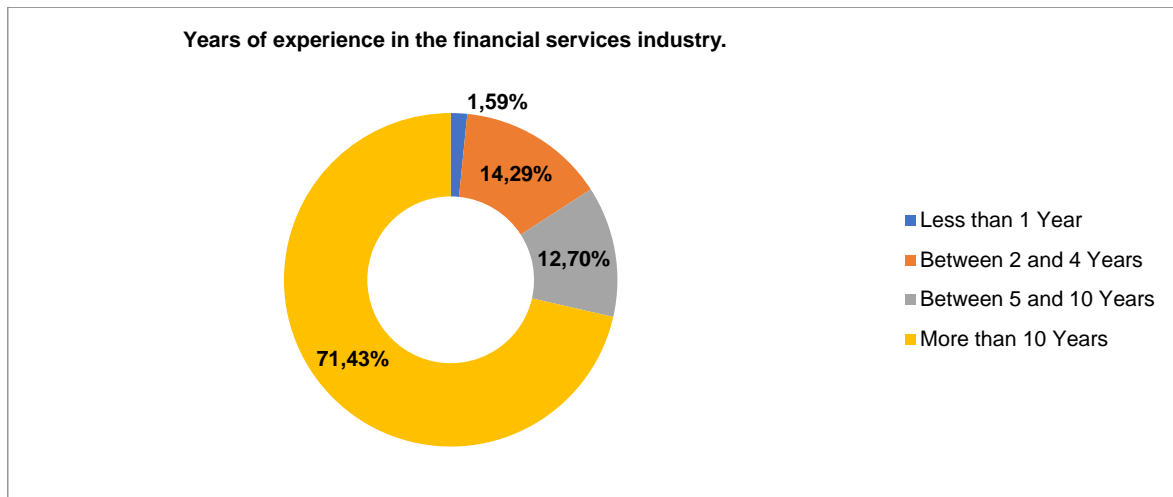


Figure 6.4: Length of service in the financial services industry

Figure 6.4 indicates that 71.43% of the respondents had worked in the financial services industry for more than ten years, and 1.59% were recruits into the industry with less than one year of service.

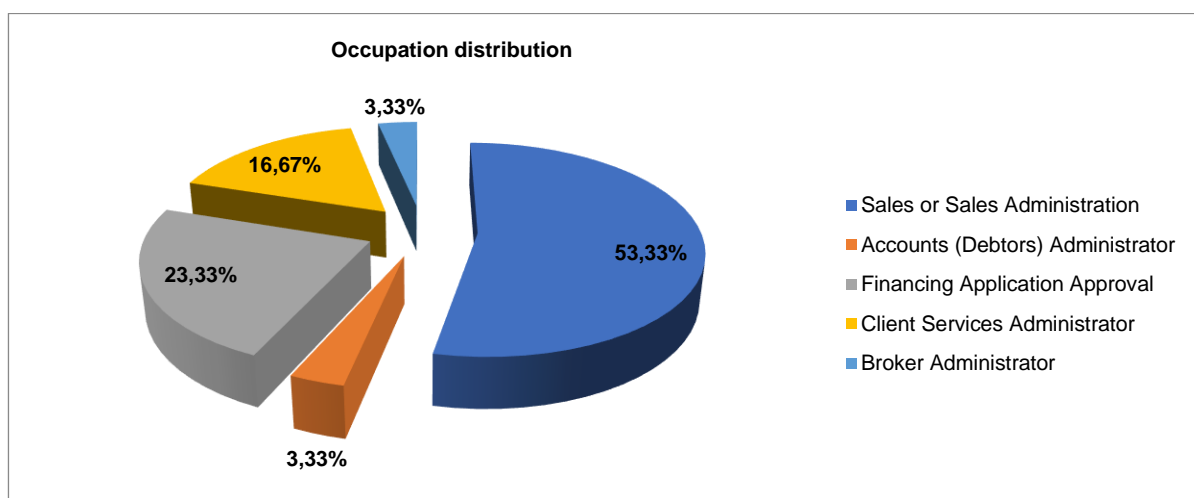


Figure 6.5: Occupation

A substantial proportion (53.33%) of the respondents were sales consultants or sales administration staff, with 23.33% involved in the approval of loans.

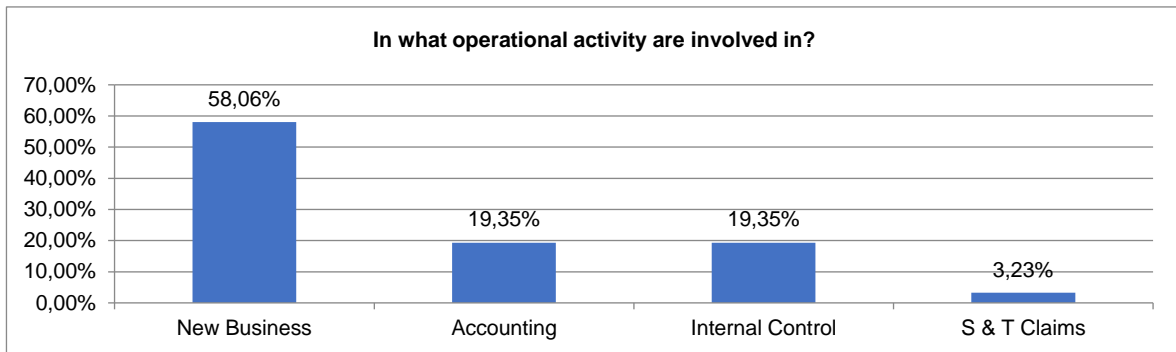


Figure 6.6: Sections of Operational activity

The most significant percentage of the respondents (58.06%) is involved in the generation of new business, 19.35% in accounting, and 19.35% in Internal Control, while only 3.23 % are active in Subsistence and Travel (S & T) Claims. Employees processing S & T Claims in organisations are exposed to peer’s dishonesty as these claims are easily manipulated. Minimum evidence is required to substantiate distances travelled for business purposes or other personal expenses incurred by employees.

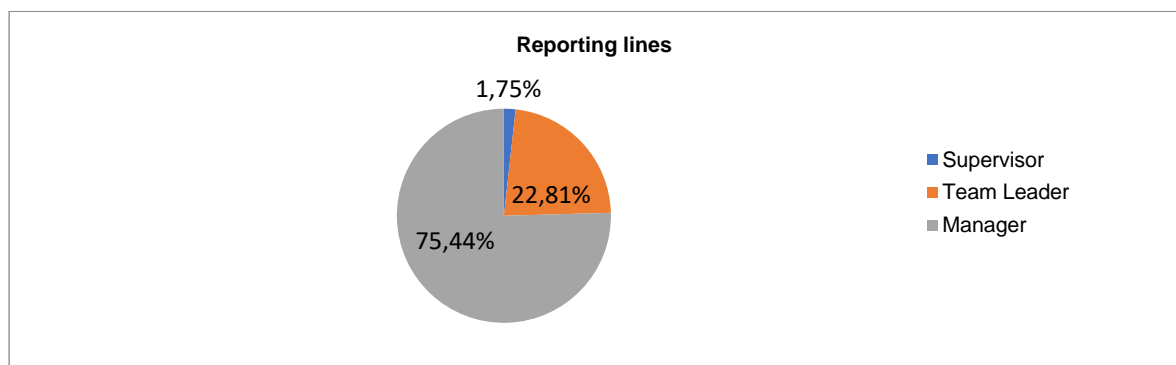


Figure 6.7: Officials to whom respondents report.

The majority (75.44%) of the respondents report directly to their managers, indicating a flat organisational structure.

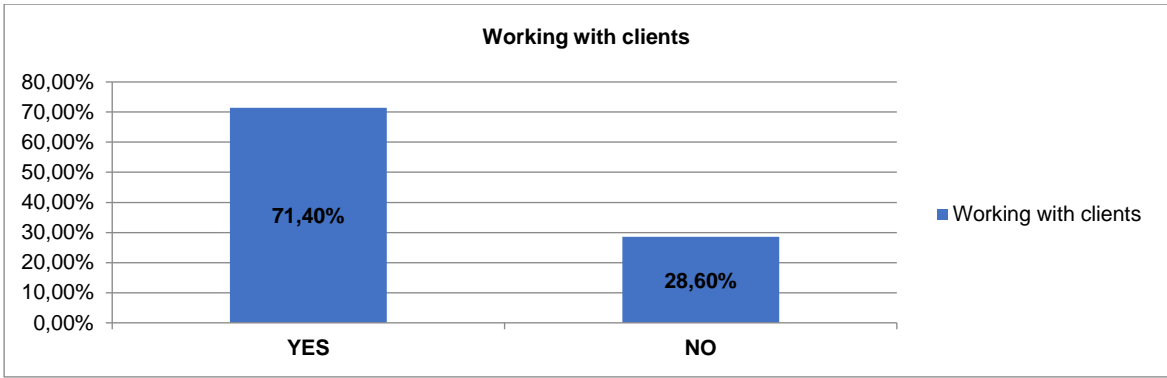


Figure 6.8: Employees directly working with clients

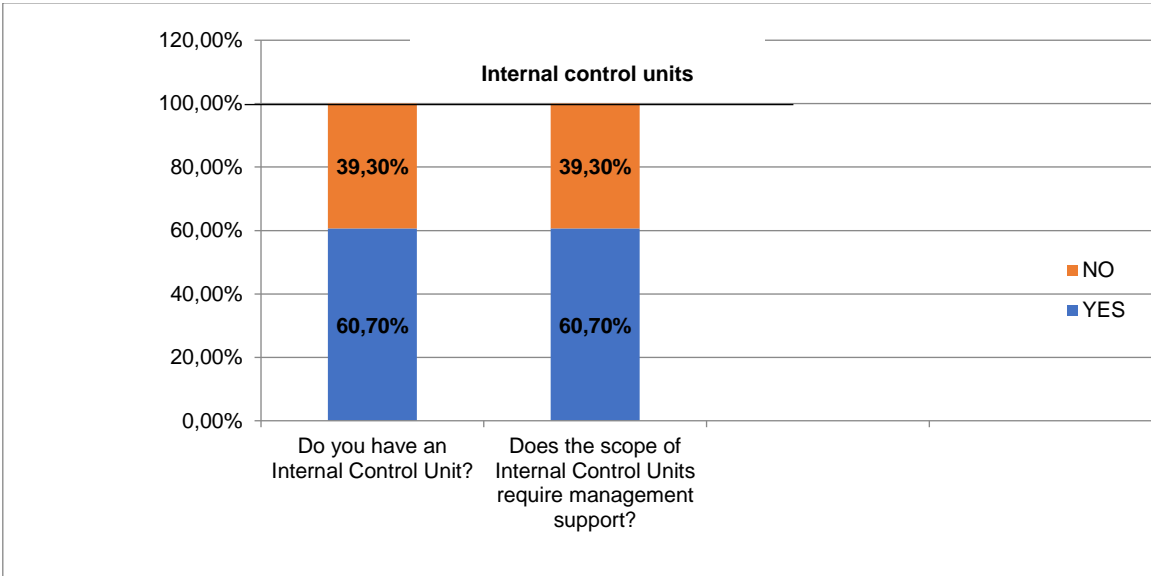


Figure 6.9: Existence and support of Internal Control units

Most of the respondents (60.7%) indicated that they have internal control units in their departments and equally indicated that such units require management support.

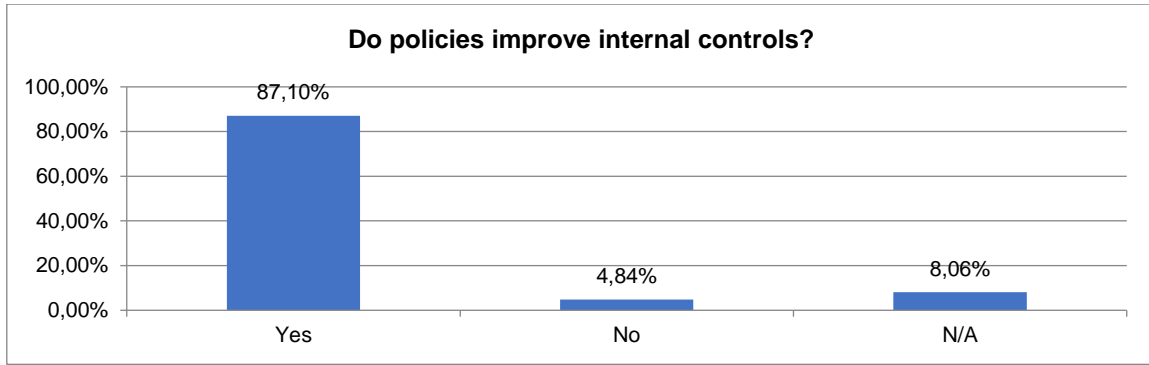


Figure 6.10: Policy influence on internal controls

Most respondents (87.10%) verified that policies do improve internal controls.

6.3 STAFF INVOLVEMENT IN POLICY FORMULATION

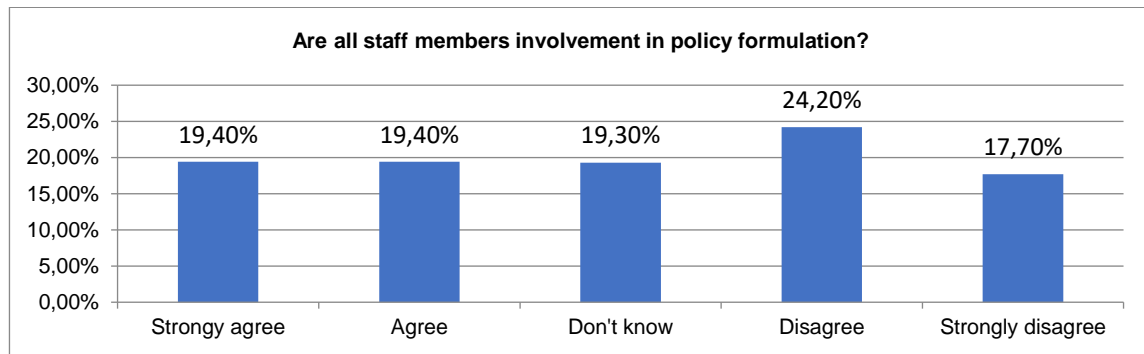


Figure 6.11: Policy formulation participation

According to Figure 6.11, at least sixty-one (61%) of the respondents (19.3 + 24.2 + 17.7 = 61.2%) do not know, disagree, or strongly disagree that staff is involved in policy formulation. In comparison, 38.8 % agree or strongly agree that staff is involved in policy formulation, indicating that information does not reach a large proportion of the respondents.

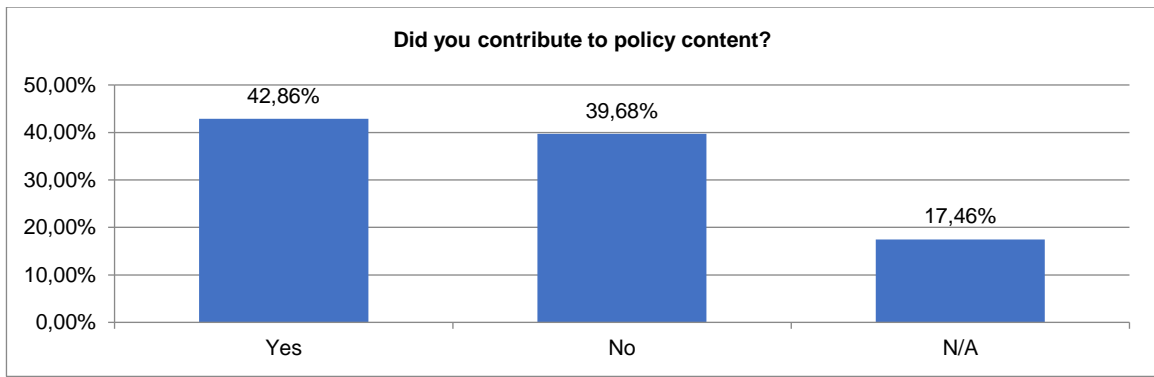


Figure 6.12: Employee contribution to policy content

Given Figure 6.12, less than half of the respondents (42.86%) indicated that they contribute to policy content, with 39.68% not contributing to policy content, while 17.46 % indicating that the contribution to policy content does not apply to them.

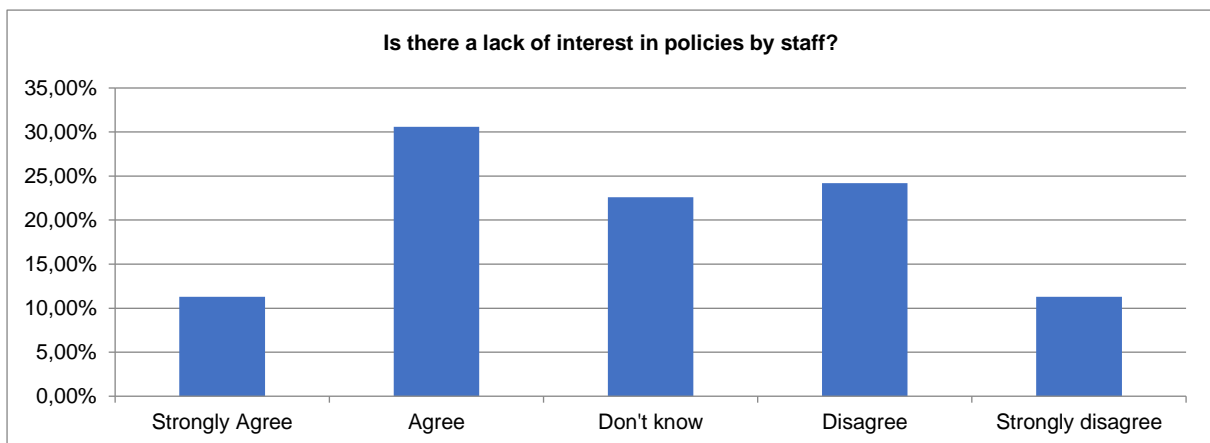


Figure 6.13: Staff interest in policies

A large percentage (11.3 + 30.6 = 41.9%) of the respondents indicated that there was a lack of interest in policies among staff, while 35.5% (24.2% + 11.3%) disagreed that there was a lack of interest, with 22.60% being ambivalent by not knowing how staff felt about policies.

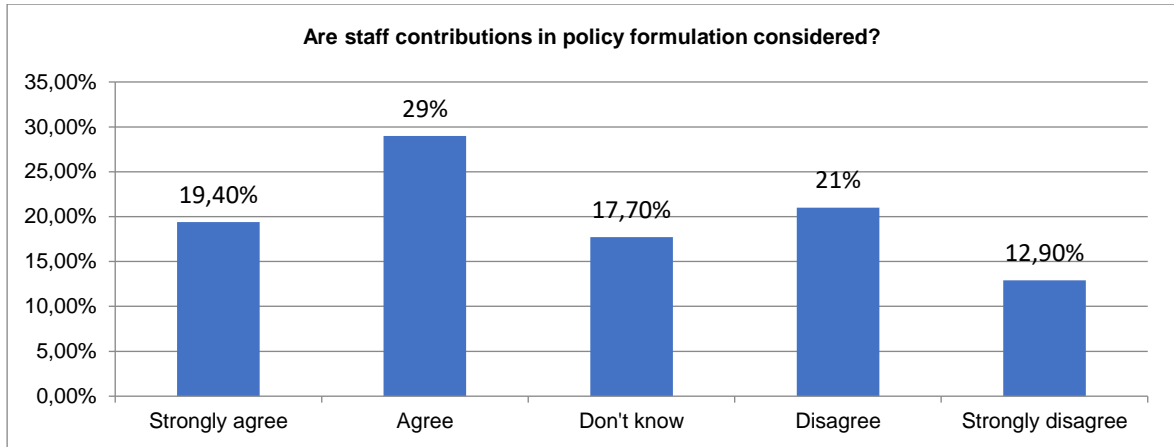


Figure 6.14: Employee policy contribution consideration

Only 19.4% of the respondents strongly agree, and 29% agree that staff contributions to policy formulation are considered. A substantial percentage (12.9 + 21 + 17.7 = 51.6%) of the respondents indicate that they do not know, disagree, or strongly disagree if employee contributions in policy formulation are taken into consideration.

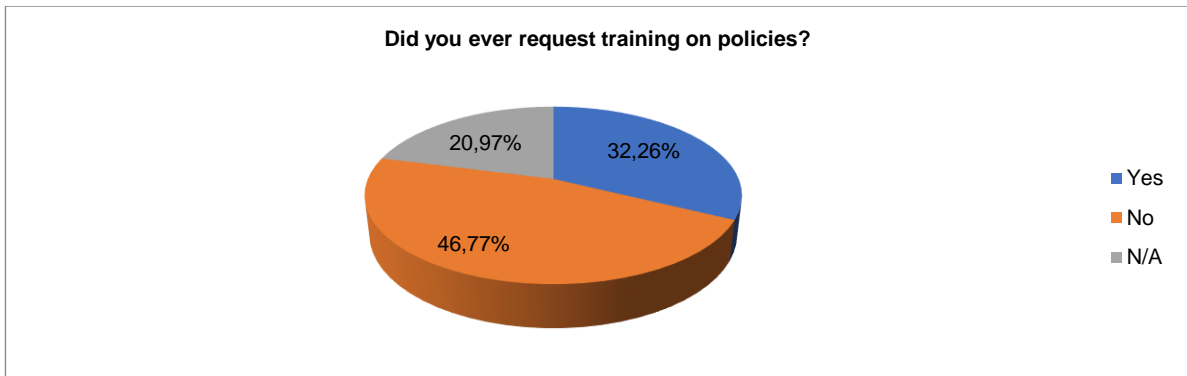


Figure 6.15: Requests made for policy training

Only 32.26% of respondents ever requested training on policies, with 46.77% never asking for training, while 20.97% indicated that training on policies did not apply to them.

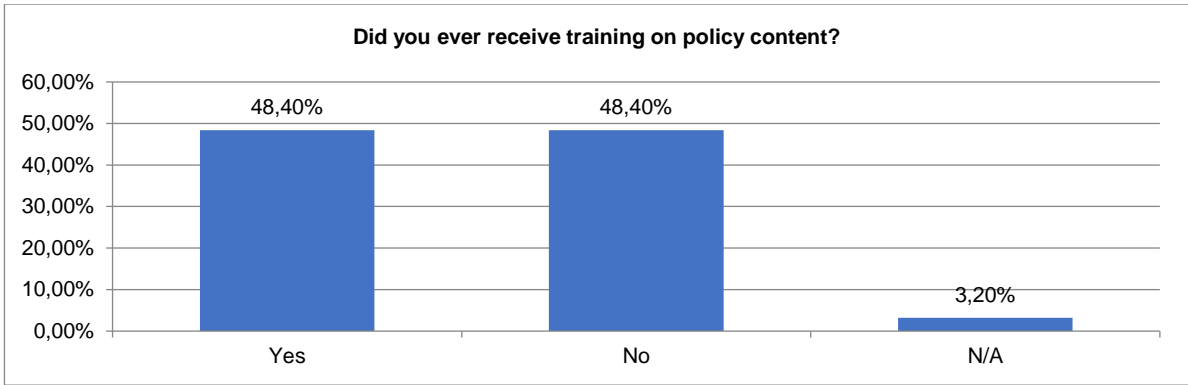


Figure 6.16: Training received on policy content

An equal amount of 48.4% of respondents indicated that they have and have not received training on policy content at some stage

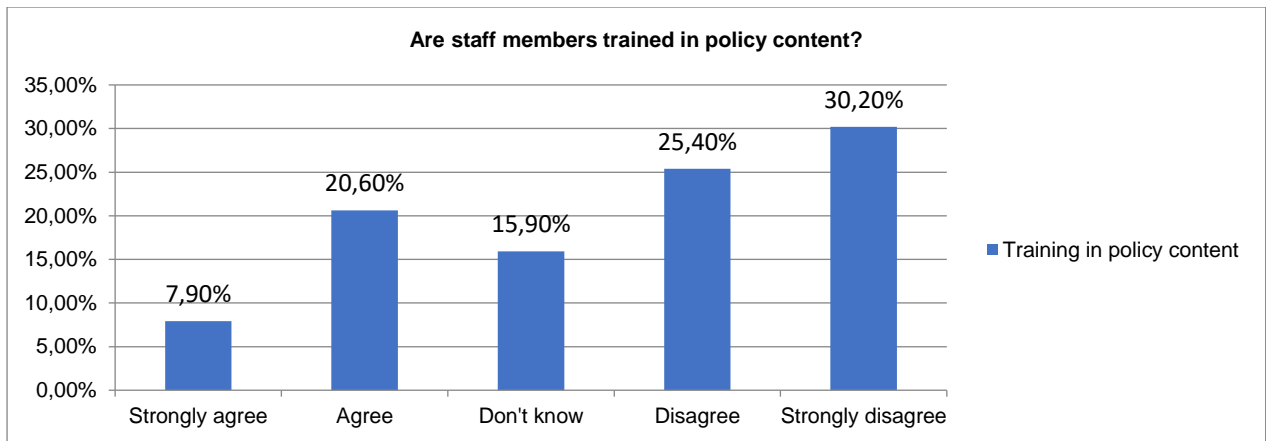


Figure 6.17: Policy content training provided

The majority ($30.2 + 25.4 = 55.6\%$) of the respondents strongly disagree or disagree that any training is given on the policy content. 15.9% of the respondents do not know if any training is offered, while only ($7.9 + 20.6 = 28.5\%$) strongly agree or agree that policy content training is provided.

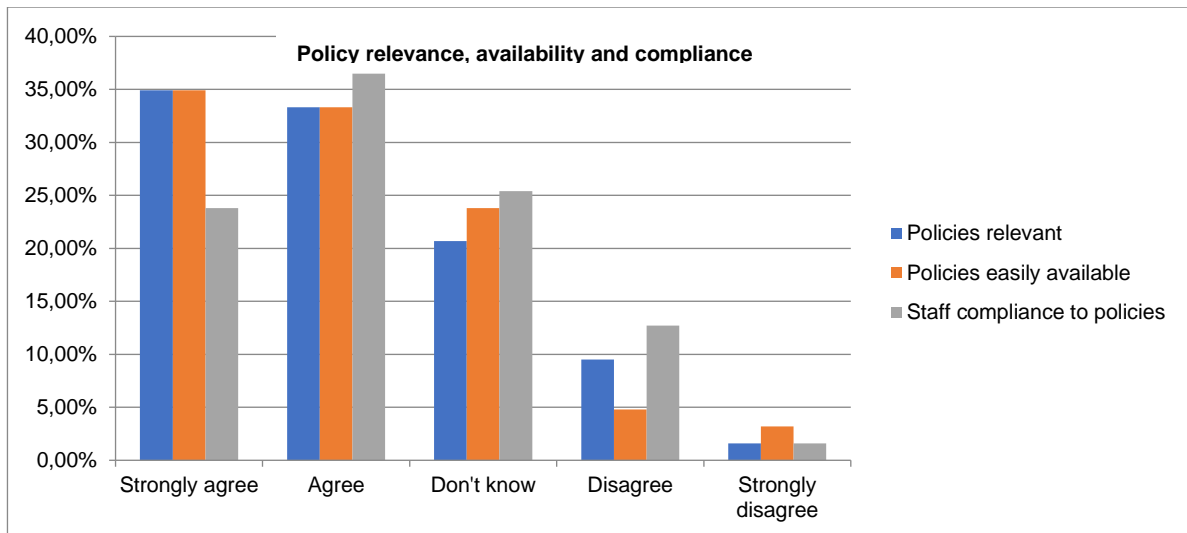


Figure 6.18: Policy relevance, availability, and compliance

A large percentage of the respondents strongly agreed and agreed that policies were relevant and readily available to staff ($34.9 + 33.3 = 68.2\%$), while a sizable percentage strongly agreed and agreed ($23.8 + 36.5 = 60.3\%$) that staff generally complied with the directives of policies. On the other hand, substantial percentages ($25.4 + 12.7 + 1.6 = 39.7\%$) of respondents do not know, disagree, and strongly disagree that staff comply with policies.

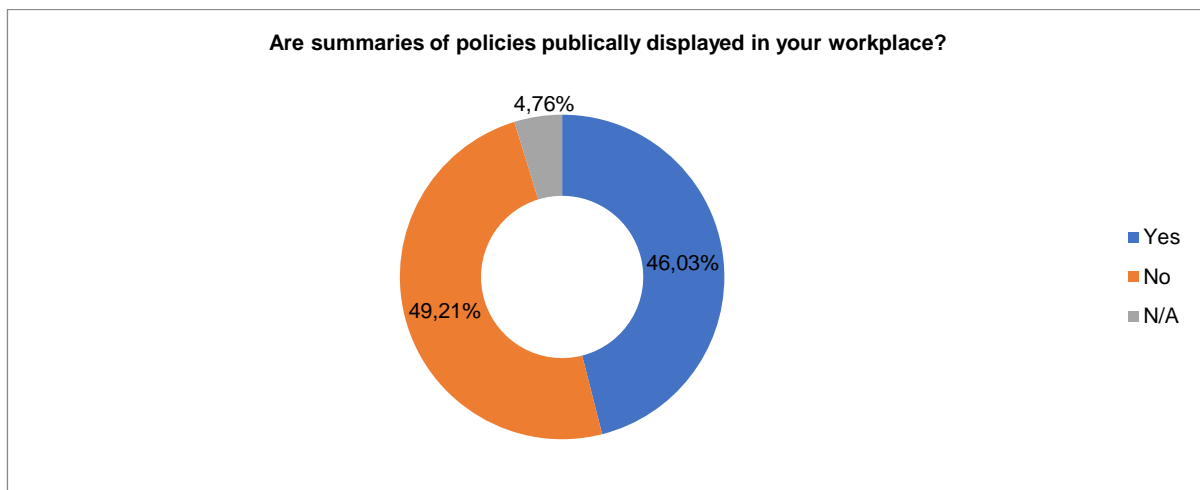


Figure 6.19: Visibility of policies in the workplace

Only 49.21% of the respondents indicated that summaries of policies were not publicly displayed in the workplace, while 46.03% have seen policies displayed within the workspace.

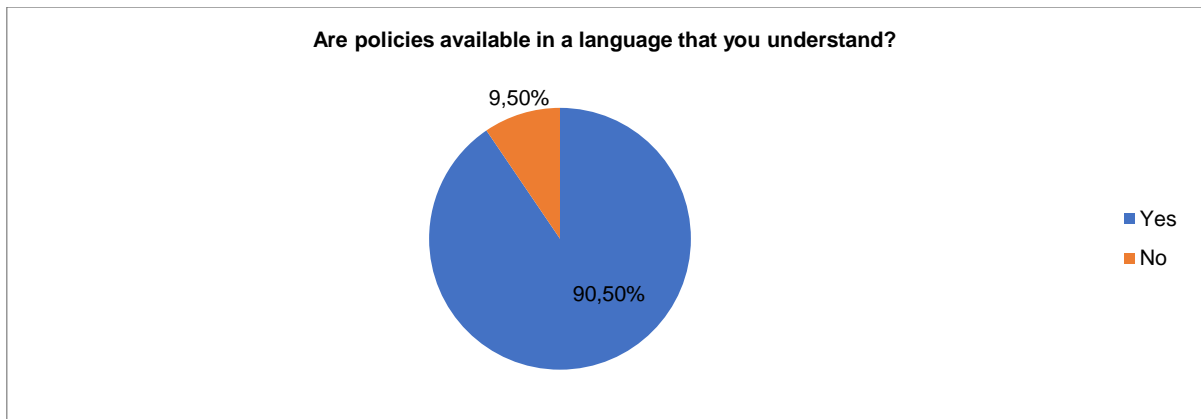


Figure 6.20: Vernacular availability of policies

Almost all the respondents (90.50%) indicated that policies are available in a language they understand.

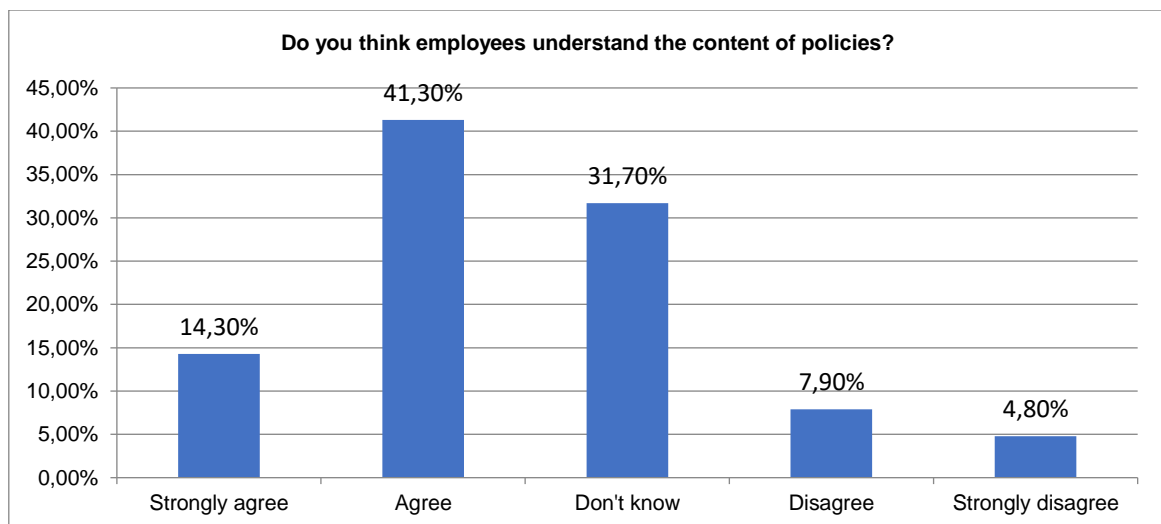


Figure 6.21: Staff understanding of policy content

More than half (14.3 + 41.3 = 55.6%) of the respondents strongly agreed and agreed that employees understood the content of policy documents. In comparison, 44.4% of the respondents indicated a lack of understanding, comprising 31.7 % not knowing if staff understood the policy content, 7.9% disagreed that staff understood the content, and 4.8% strongly disagreed that staff understood the content of policy documents.

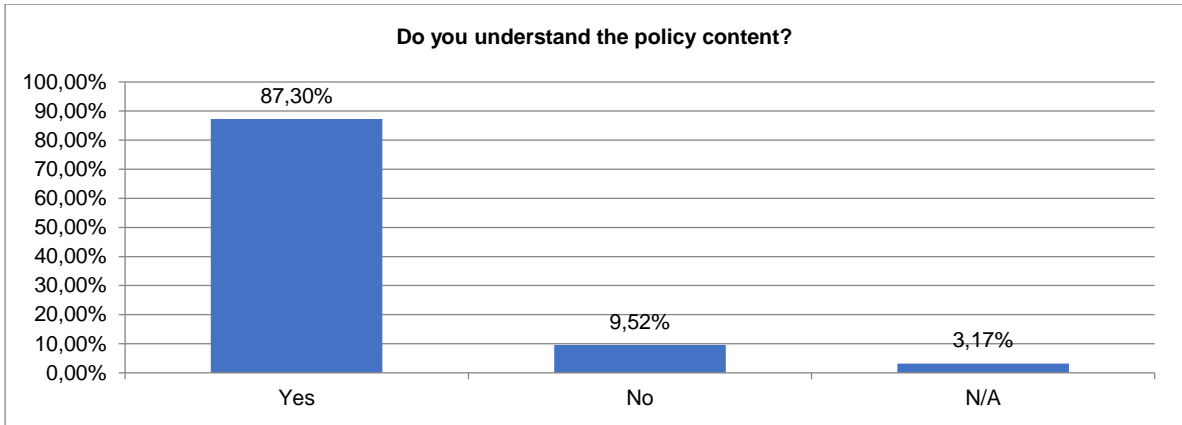


Figure 6.22: Employee understanding of policy content

Most of the respondents (87.30%) indicated that they understand the contents of the policies with which they work.

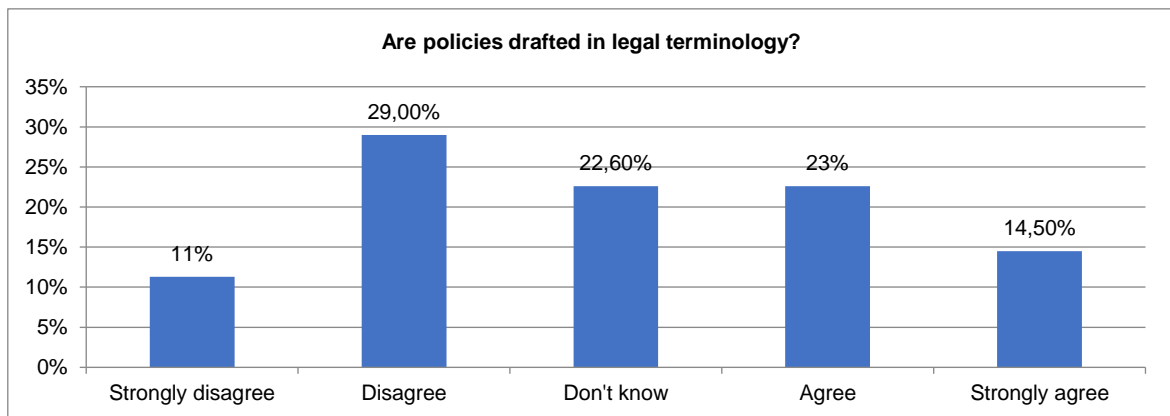


Figure 6.23: Legal terminology used in policies.

A proportion of respondents agreed and strongly agreed (23% + 14.5% = 37.5%) that policies are drafted in legal terminology, while (29% + 11% = 40%) disagreed and strongly disagreed that policies are drafted in legal terminology.

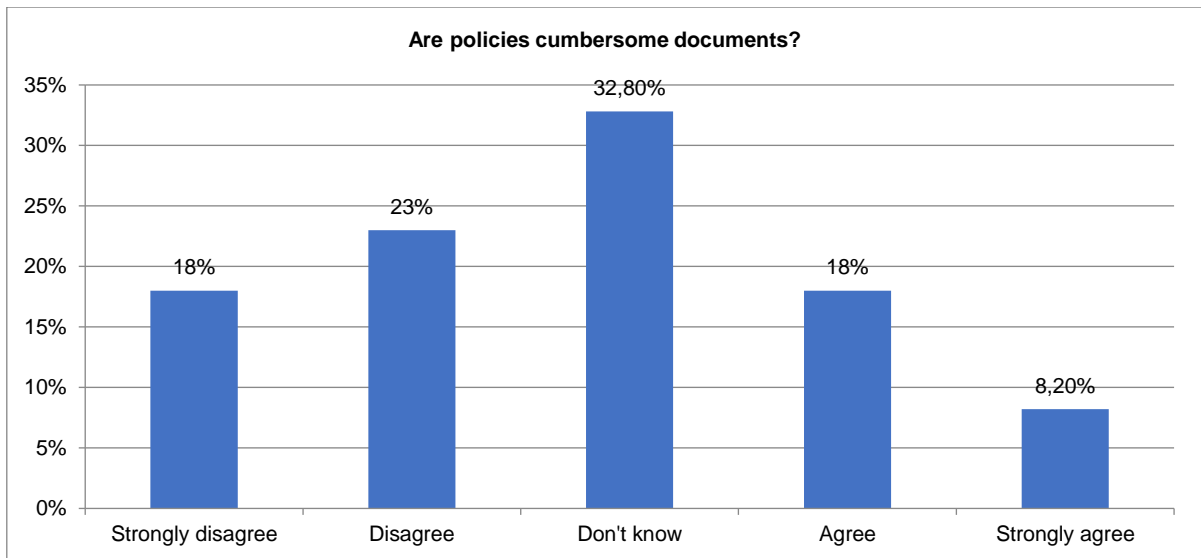


Figure 6.24: Cumbersomeness of policy documents

The majority of respondents (32.8%) did not know if policy documents were cumbersome, with 41% (18% + 23%) disagreeing that policies are cumbersome while 26.2% (18% + 8.2%) stated that policies are not cumbersome documents.

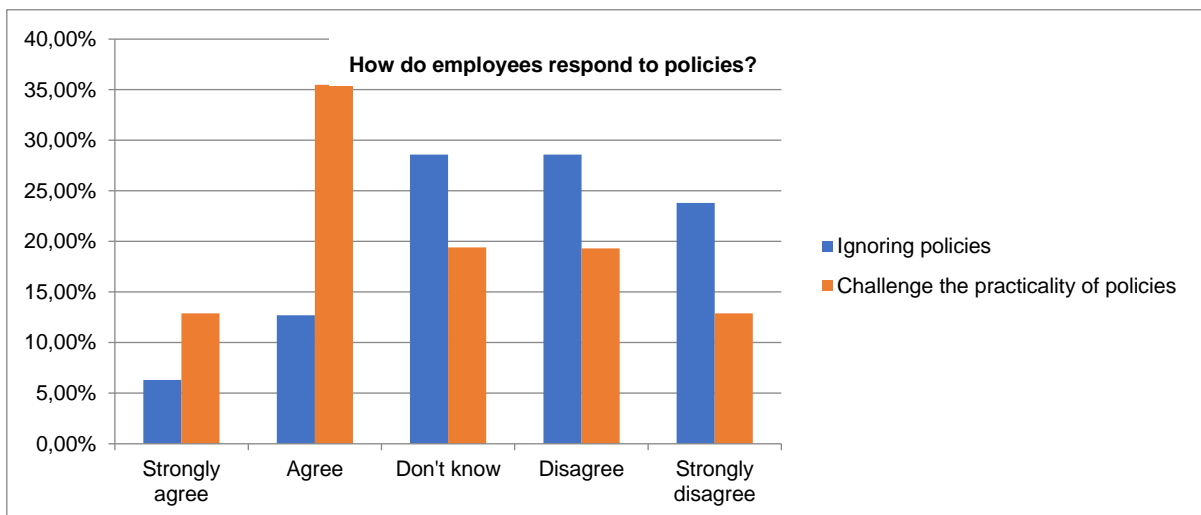


Figure 6.25: Employee response to policies

A small percentage of the respondents strongly agree and agree (6.3 + 12.7 = 19%) that employees ignore policies, and less than half strongly agree and agree (12.9 + 35.5 = 48.2%) that employees challenge the practicality of policies.

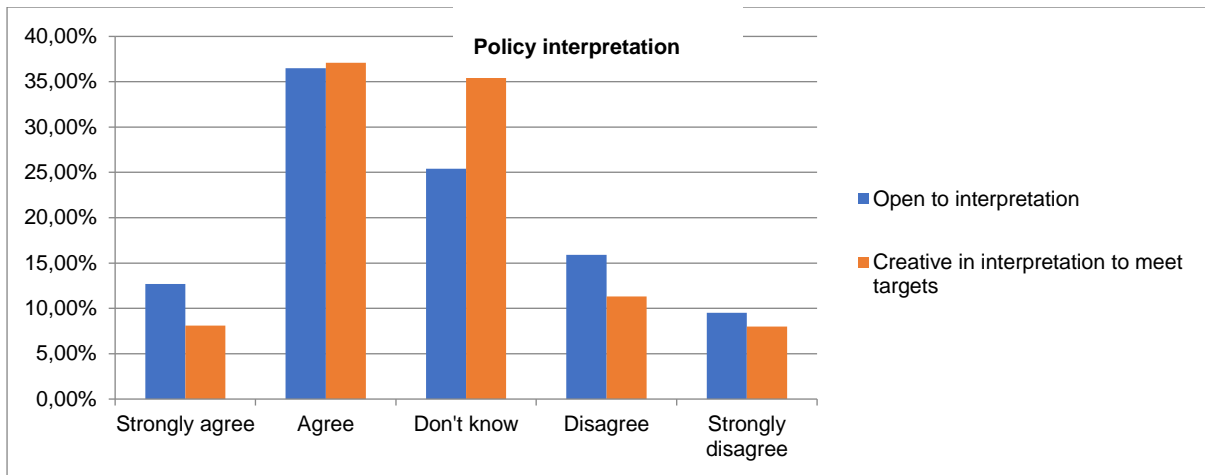


Figure 6.26: Interpretation of policies

From Figure 6.16, almost half ($12.7 + 36.5 = 49.2\%$) of the respondents strongly agreed and agreed that the policies are open to interpretation, and a significant percentage strongly agreed and agreed ($8.1 + 37.1 = 45.2\%$) that they are creative when interpreting policies to meet targets.

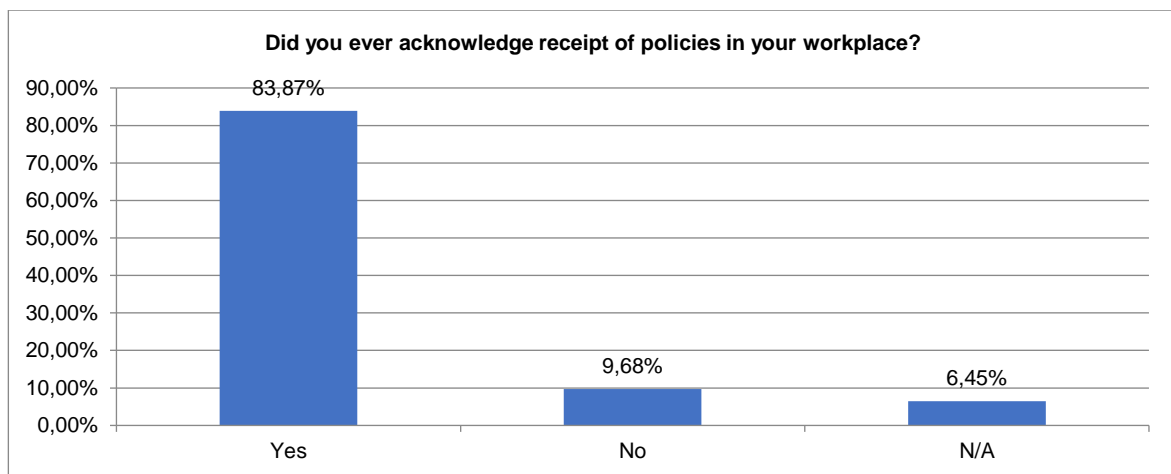


Figure 6.27: Employee acknowledgement of receipt of policies

Most respondents (83.87%), as illustrated by Figure 6.27, indicated that they do acknowledge receipt of policy documents.

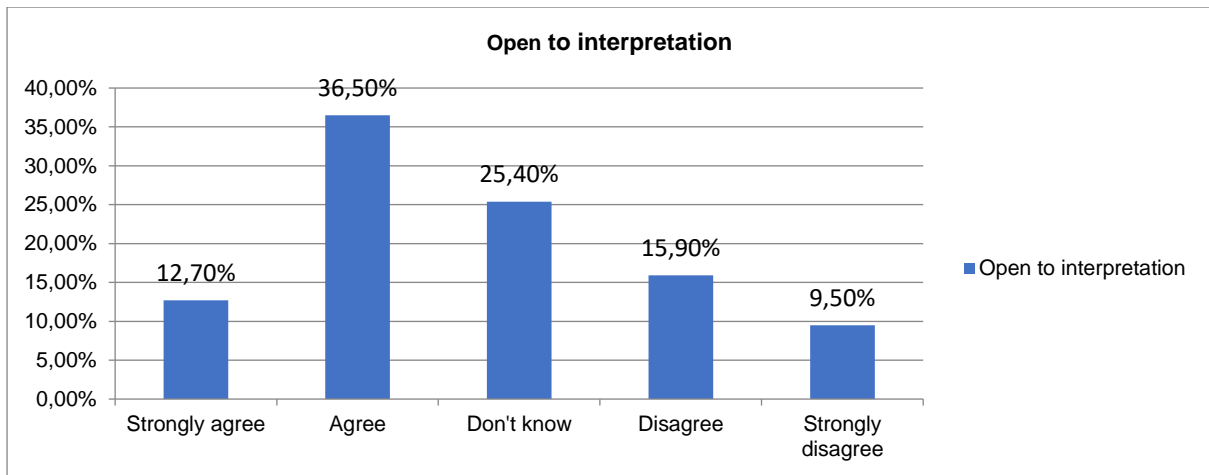


Figure 6.28: Interpretation of policies

Almost half (12.7 + 36.5 = 49.2%) of the respondents strongly agreed and agreed that the policies are open to interpretation, and a significant percentage strongly agreed and agreed (8.1 + 37.1 = 45.2%) that they are creative when interpreting policies to meet targets.

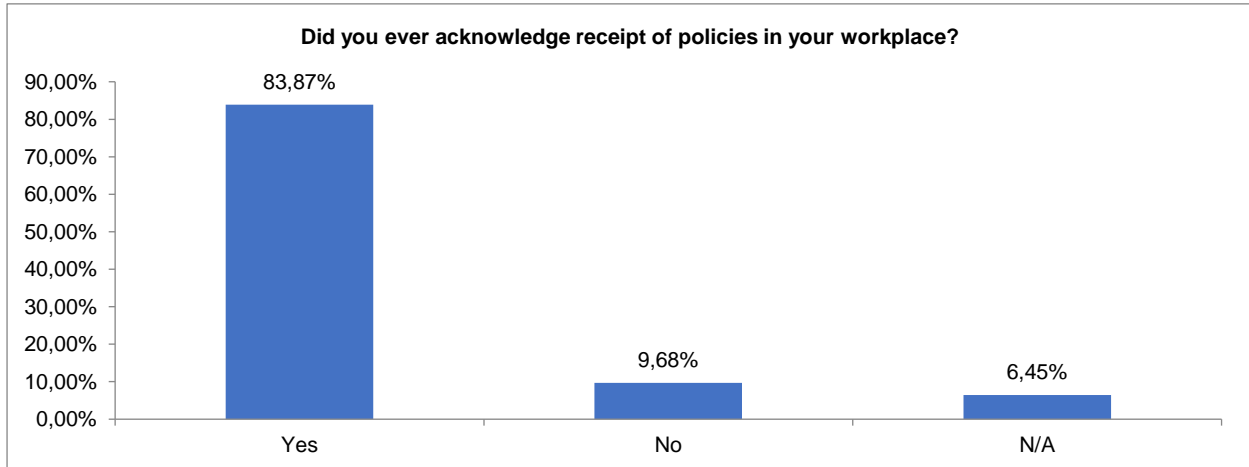


Figure 6.29: Employee acknowledgement of receipt of policies

The majority of respondents (83.87%) indicated that they acknowledge receipt of policy documents.

6.4 MANAGER'S KNOWLEDGE AND ENFORCEMENT OF POLICIES

The responsibility to understand and interpret policies is a fundamental key performance area of managers at all levels of an organisation. In addition, managers must receive regular updates on policy content and advocate for the adherence to and application of policies.

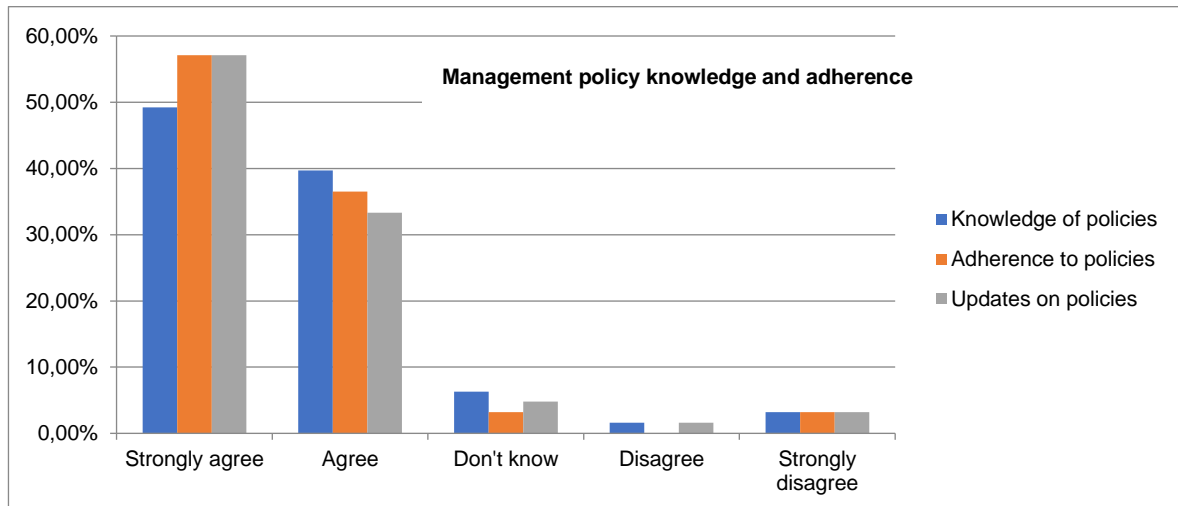


Figure 6.30: Management policy adherence and knowledge

A large percentage of respondents (49.2% + 39.70%; 57.10% + 36.50%; 57.10% + 33.30%) strongly agree and agree that managers must know all company policies, set an example in policy adherence in the workplace and receive regular updates on the practicality and relevance of policies.

6.5 POLICY APPLICATIONS

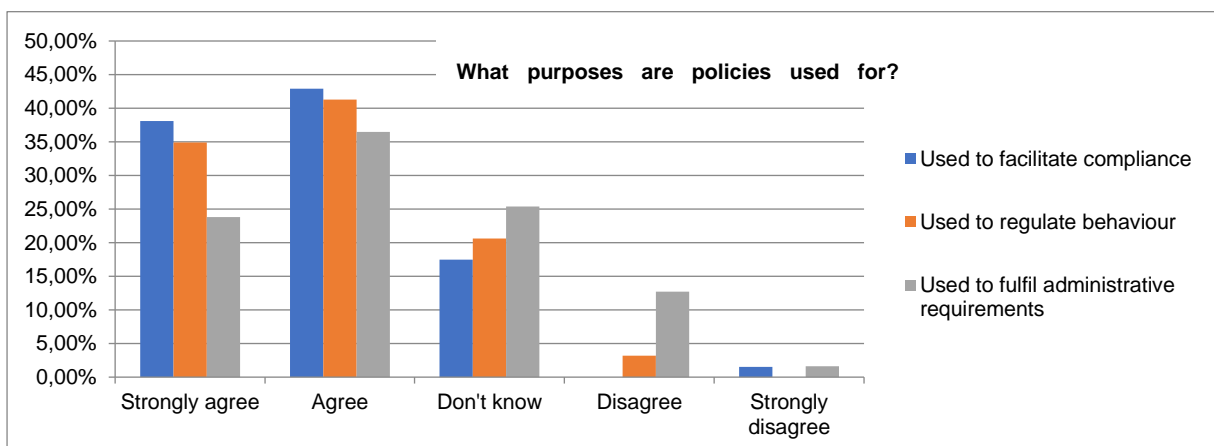


Figure 6.31: Internal uses of policies

A large percentage of the respondents strongly agree and agree that:

- a) Policies facilitate compliance with labour and civil regulations (38.1 + 42.9 = 81%).
- b) Policies are used to regulate behaviour (34.9 + 41.3 = 76.2%) and
- c) Policies are used to fulfil administrative requirements (23.8 + 36.5 = 60.3%).

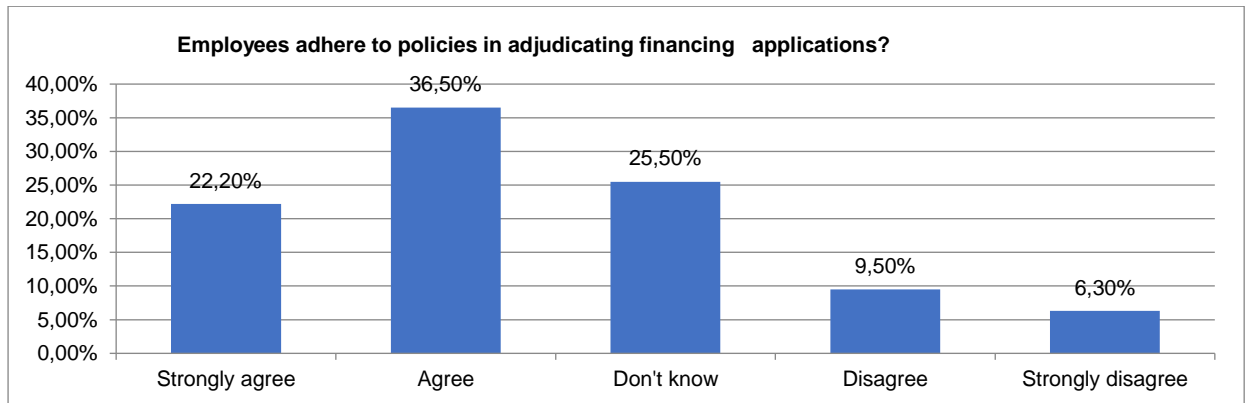


Figure 6.32: Adherence to policies

A large percentage of respondents (36.5 + 22.2 = 58.7%) indicated adherence to policies when adjudicating financing applications, while 25.5% did not know if there was any compliance, and 15.8% disagreed that there is any compliance when financing applications are assessed.

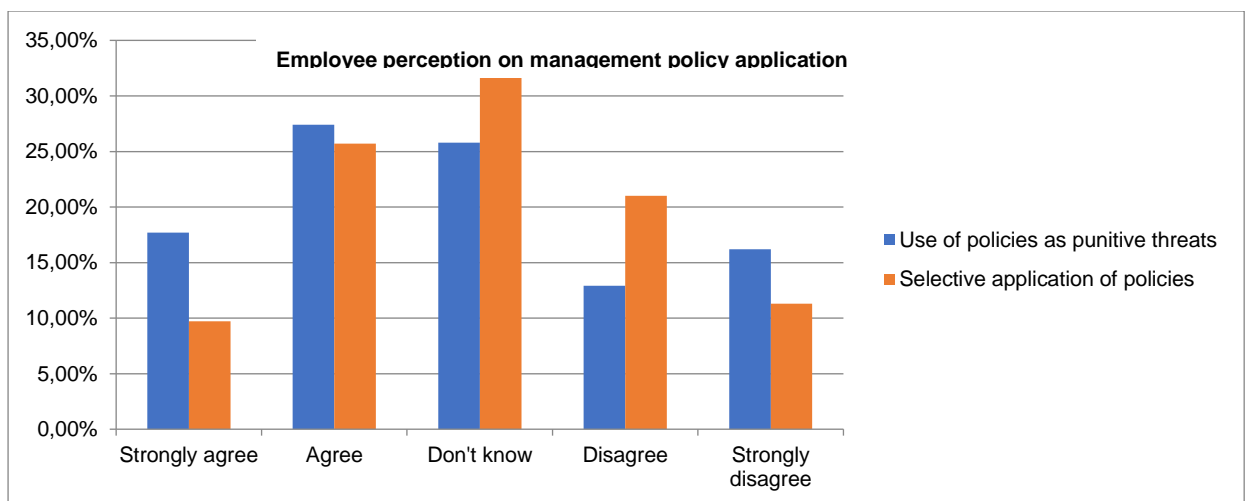


Figure 6.33: Policy application perceptions of employees

A minority of respondents (45.10%) indicate that managers use policies as a punitive threat in the workspace, while 35.4% acknowledged that managers apply policies selectively. 32.30% of the respondents did not know if policies were used selectively, and 25.80% did not know if policies were applied as punitive threats.

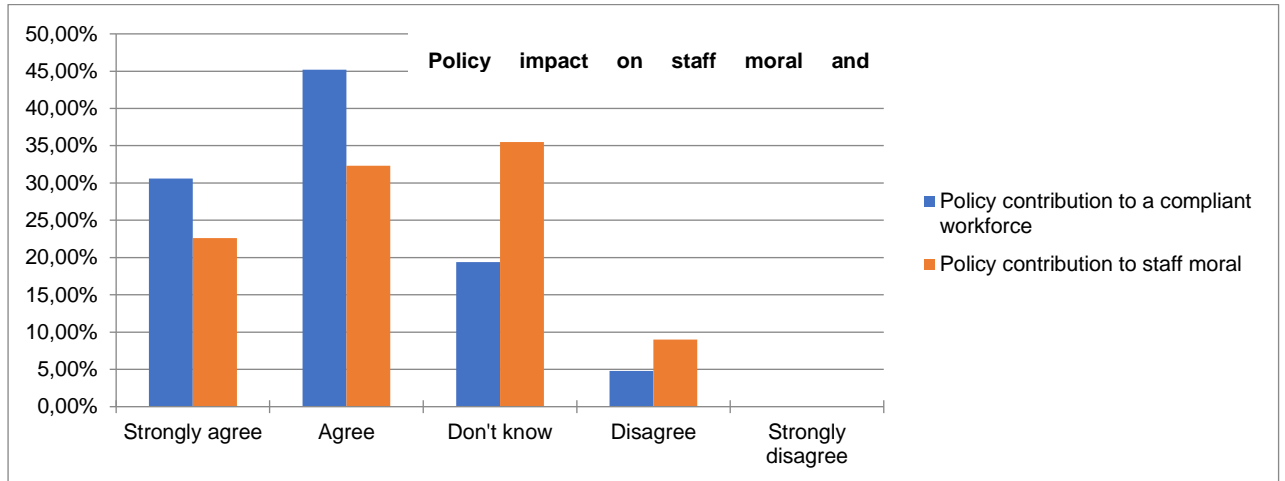


Figure 6.34: The impact of policies on the morale and compliance of employee

Most of the respondents, 54.9% (32.3% + 22.6%), agreed that policies positively impact staff morale and contribute to a compliant workforce, with 75.8% (45.20% + 30.6%) in agreement.

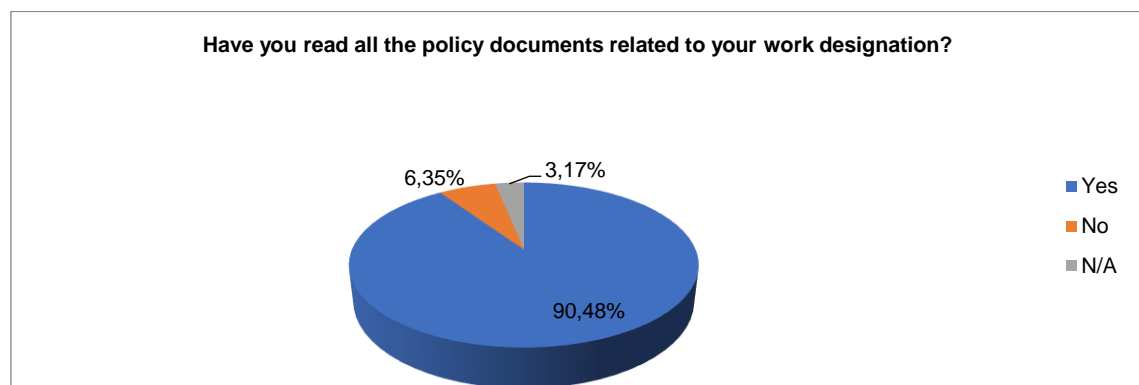


Figure 6.35: Employee policy knowledge

Almost all the respondents (90.48%) have read the policy documents related to their work designation.

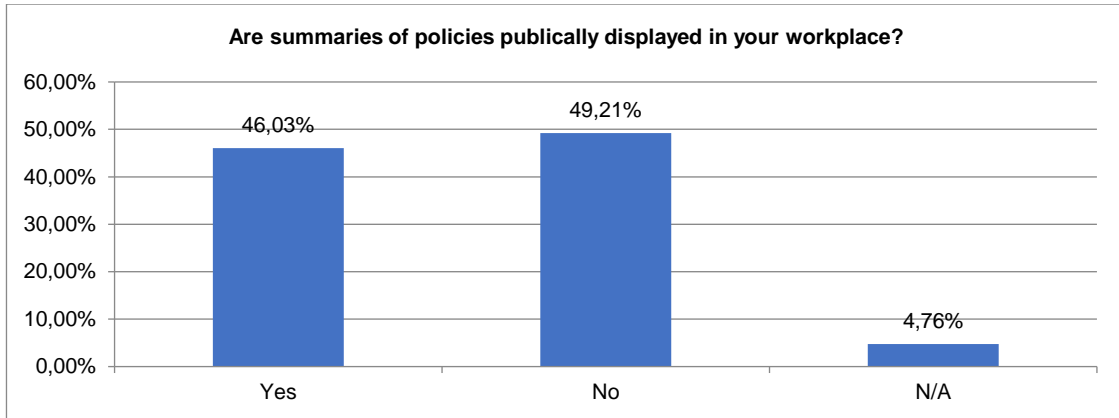


Figure 6.36: Public display of policies

Only 46.03% of respondents indicated that policies are publicly displayed within their workspace, while a large percentage (49.21%) indicated that policies summaries are not displayed in workspaces.

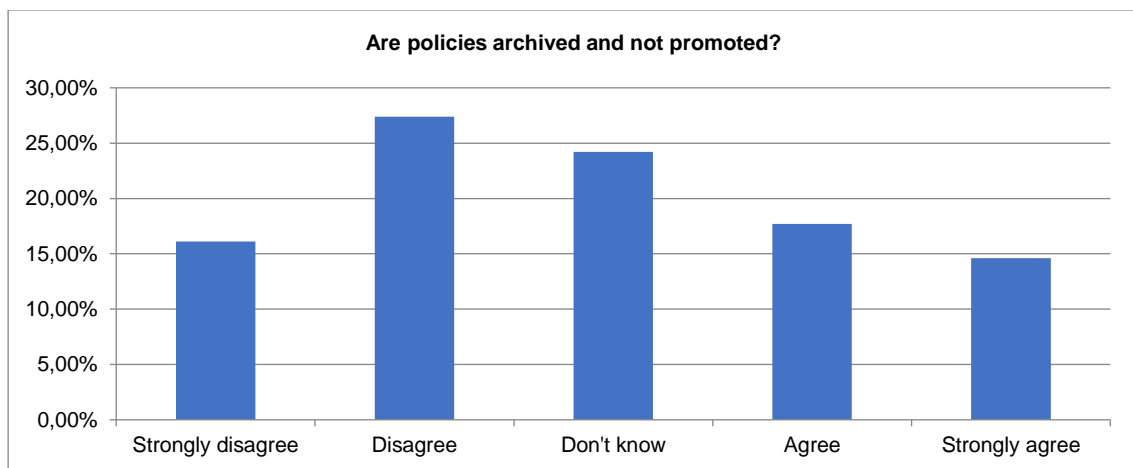


Figure 6.37: Archiving and promotion of policies

A large proportion (27.4 + 16.1 = 43.5%) of the respondents disagreed and strongly disagreed that policies are archived and not promoted, while 32.37% (17.7% + 14.6%) agreed and strongly agreed that policies are archived and not promoted, while 24.20% of the respondents did not know what happens to policies.

6.6 EMPLOYEE ETHICS

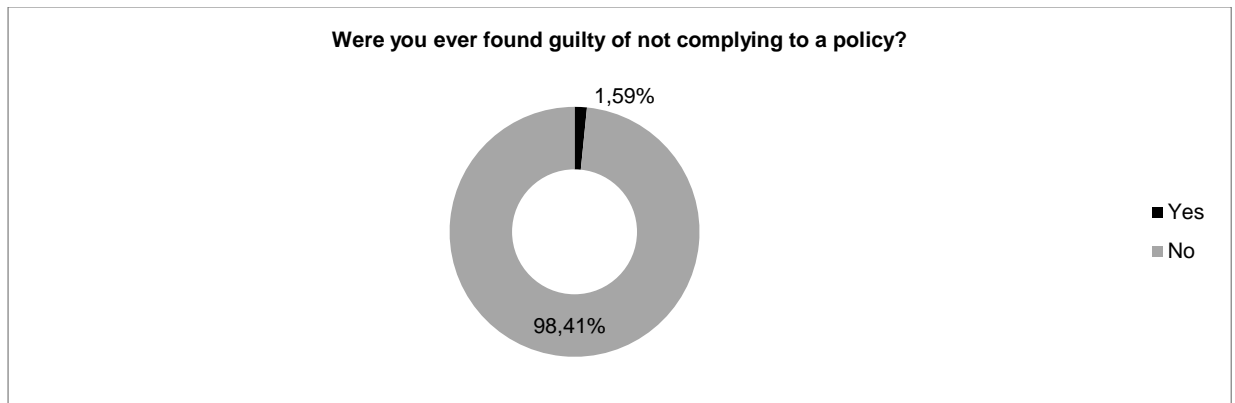


Figure 6.38: Employees disciplined for non-compliance with policies

Almost all the respondents (98.41%) were never found guilty of not complying with policies.

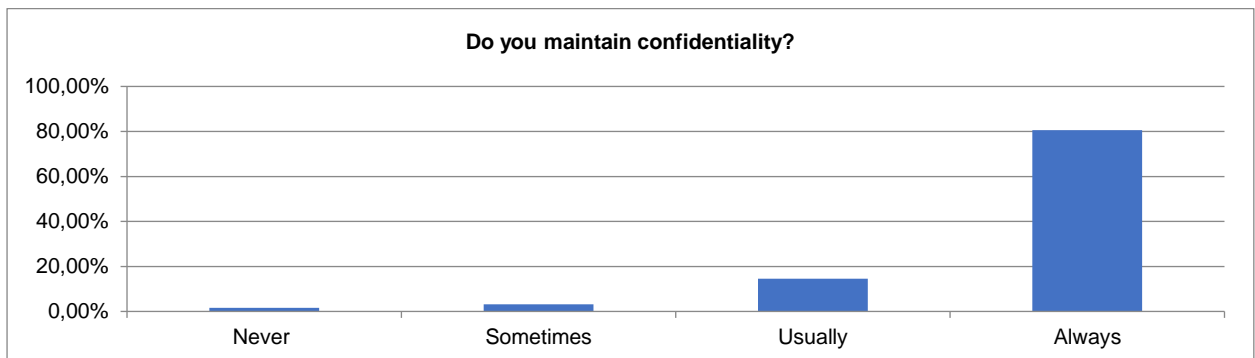


Figure 6.39: Employee confidentiality

Almost all respondents (80.6%) indicated that they always maintain confidentiality.

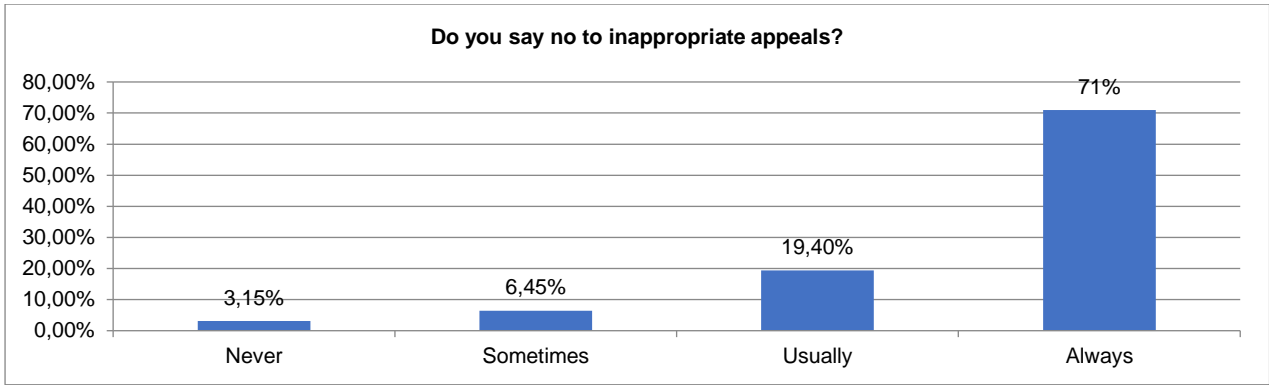


Figure 6.40: Response to inappropriate appeals

The majority of respondents (71%) indicated that they always say no to inappropriate appeals, while 19.4% usually say no and 6.5% sometimes say no, with 3.2 % never saying no to inappropriate appeals from clients.

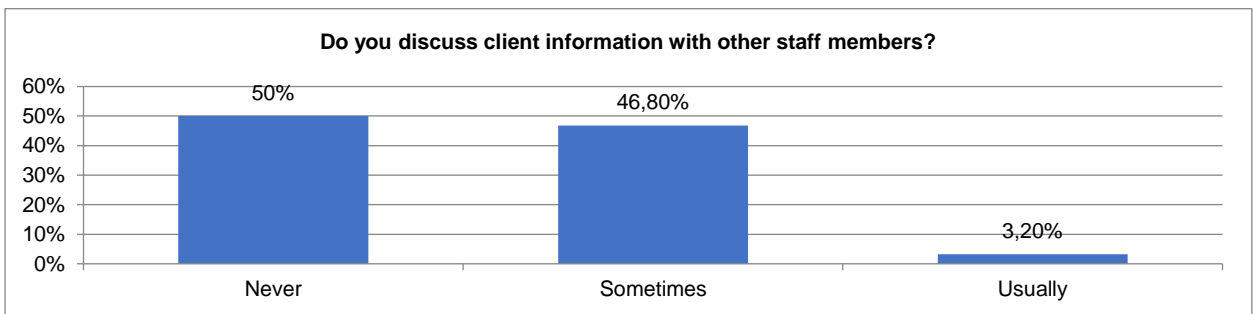


Figure 6.41: Client information confidentiality

50% of the respondents indicated that they never discuss client information with other staff members, while 46.8% sometimes discuss client information, with 3.2% usually discuss member information with their colleagues.

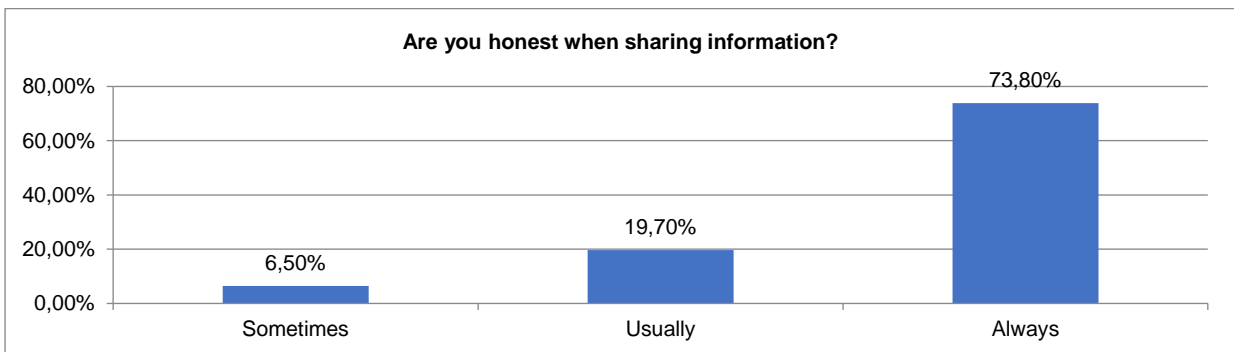


Figure 6.42: Honesty when sharing information

Most of the respondents (73.8%) indicated that they are always honest when sharing information, with 19.70% stating that they are usually honest and 6.50% are honest sometimes.

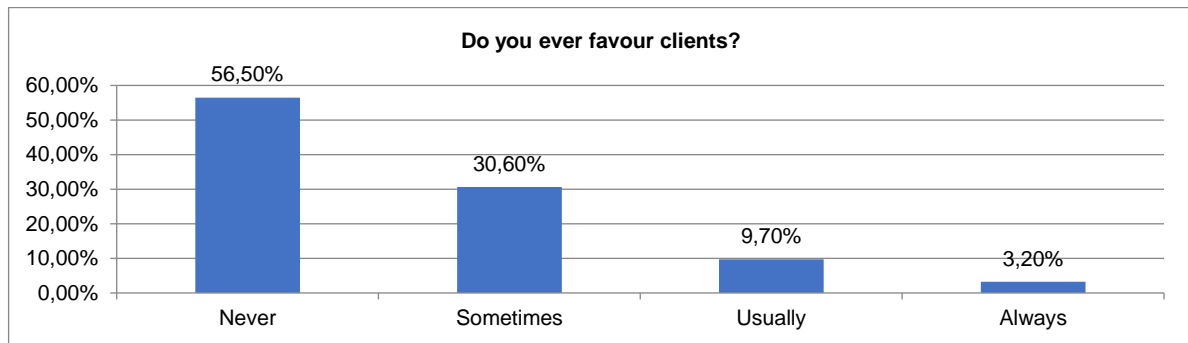


Figure 6.43: Acting in favour of clients

The majority of respondents (56.5%) never favoured clients in financing decision making, while 30.6% sometimes favour clients and 9.7% usually favour clients. 3.25% always act in favour of clients.

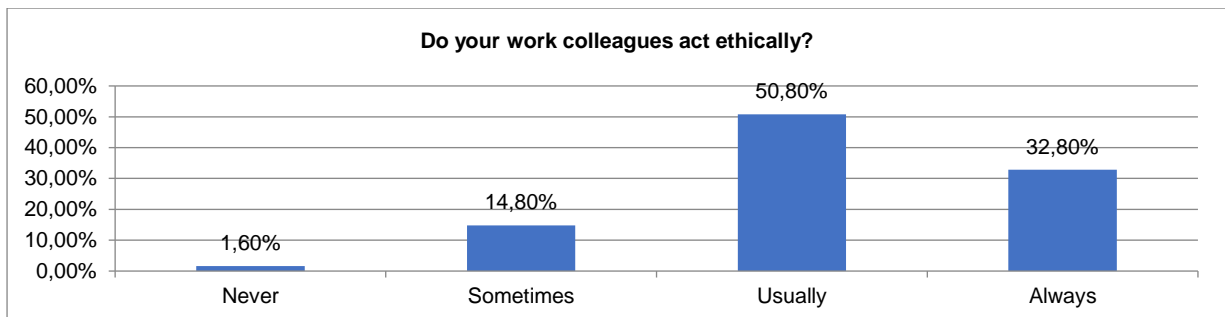


Figure 6.44: Ethics of work colleagues

Only 32.8% of the respondents indicated that their colleagues always act ethically, while 50.8% usually act ethically and 1.6% never act ethically.

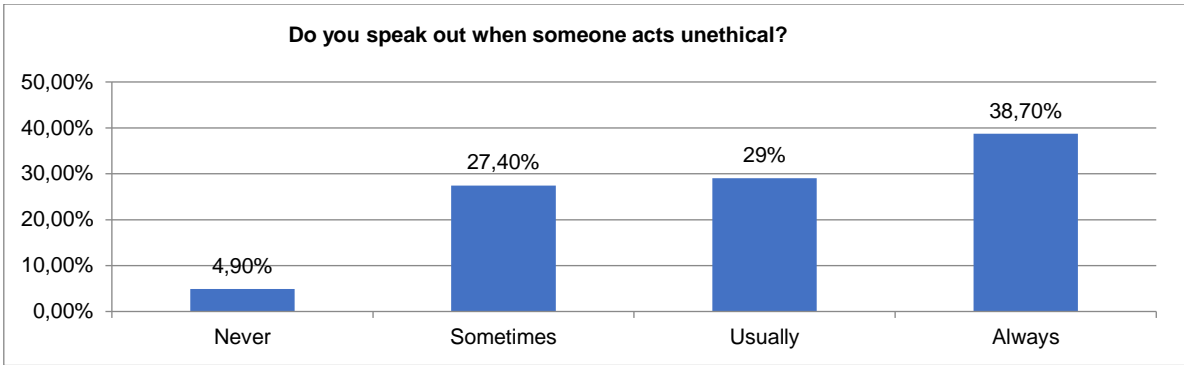


Figure 6.45: Speaking out when behaviour is unethical

Just 38.7% of the respondents always speak out, 29% usually speak out, 27.4% only speak out sometimes, and 4.9% never speak out when someone acts unethically.

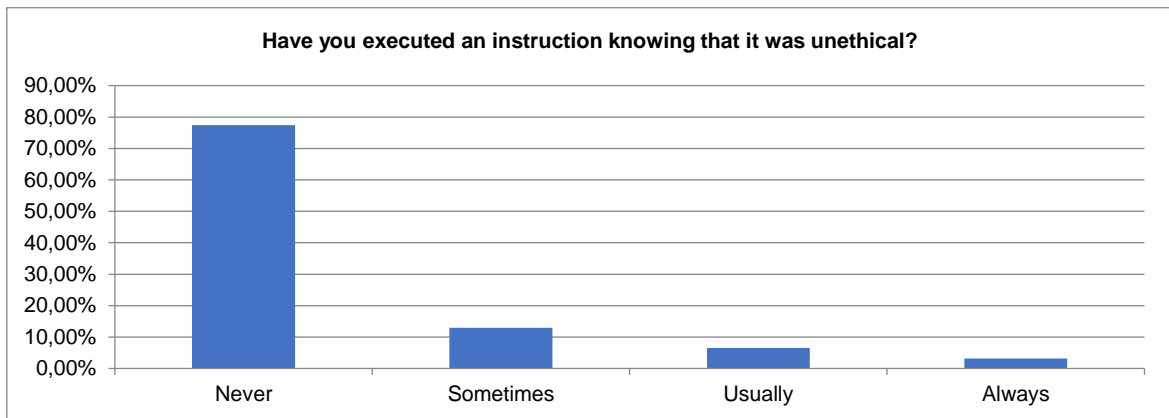


Figure 6.46: The execution of unethical instructions

The majority (77.4%) of the respondents indicated that they have never executed an instruction knowing that it was unethical, while 12.9% and 6.6%, respectively, indicated that they sometimes and usually knowingly execute unethical instructions, with 3.2% of the respondents consistently executing instructions knowing that it was unethical.

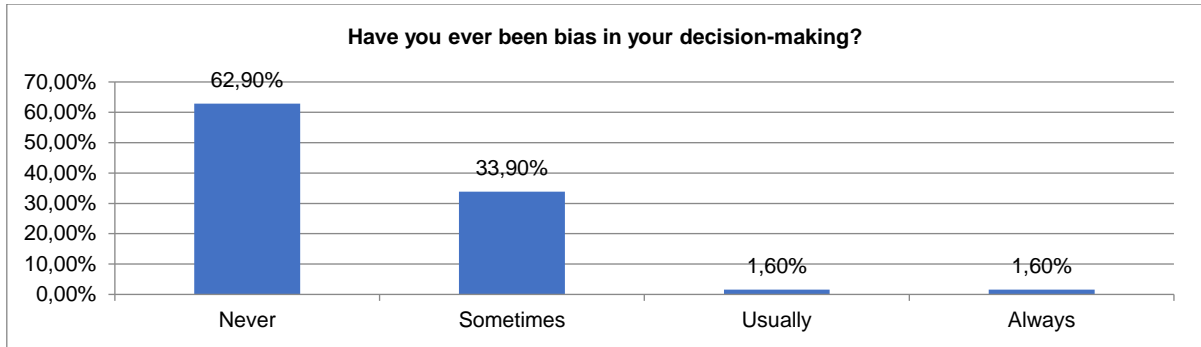


Figure 6.47: Employee bias in decision-making

Most respondents (62.9%) are never biased in their decision-making, with 33.9% sometimes.

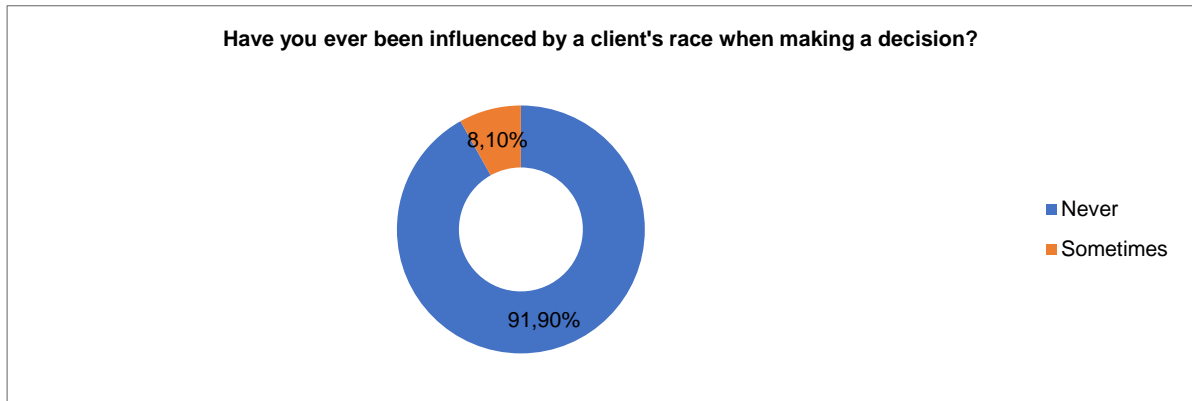


Figure 6.48: The influence of race on decision-making

Almost all the respondents (91.9%) have never been influenced by a client's race when making decisions.

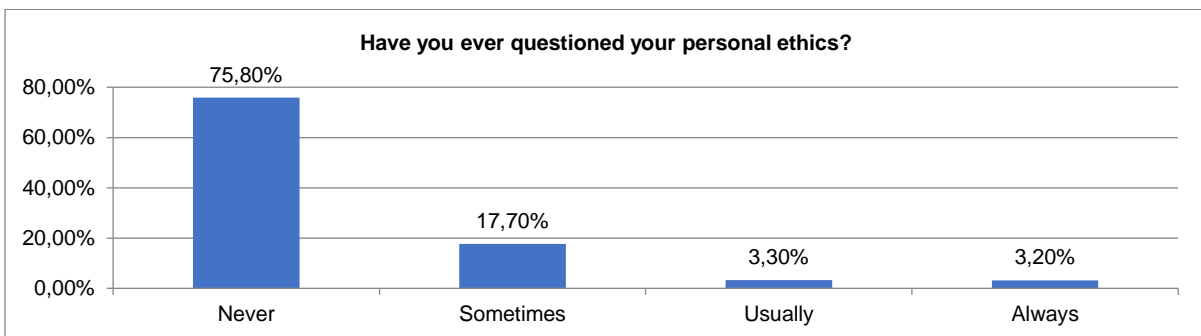


Figure 6.49: Questioning personal ethic

The majority of the respondents (75.8%) have never questioned their personal ethics, with 17.7% and 3.3% having sometimes and usually questioned their personal ethics, while 3.2% always questioned their personal ethics

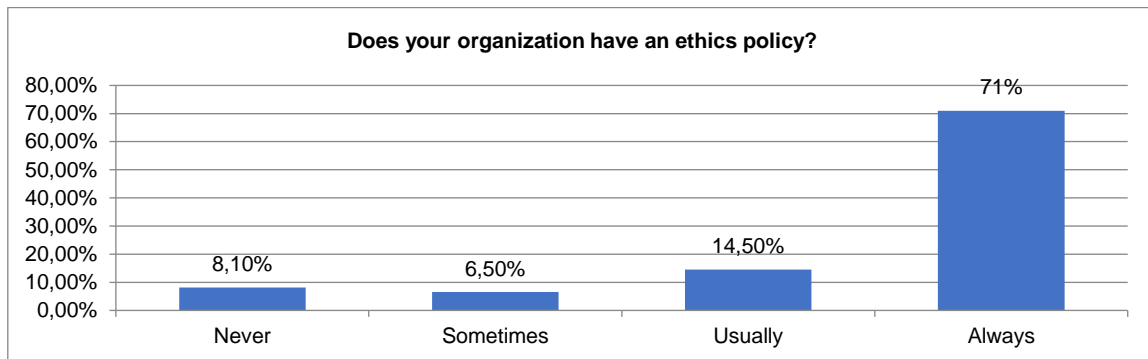


Figure 6.50: The existence of an ethical policy

Most of the respondents (71%) indicated that the organisation always had ethics policies, with 6.5% and 14.5% respectively indicating that they sometimes or usually have ethics policies, while 8.1% indicated that they never had ethics policies.



Figure 6.51: Rewarding ethical behaviour

More than a third (35.5%) of the respondents indicated that ethical behaviour is never rewarded, 38.7% acknowledged that ethical behaviour is sometimes rewarded, 11.3% indicated that ethical behaviour is usually rewarded, while 14.5% indicated that ethical behaviour is always rewarded.

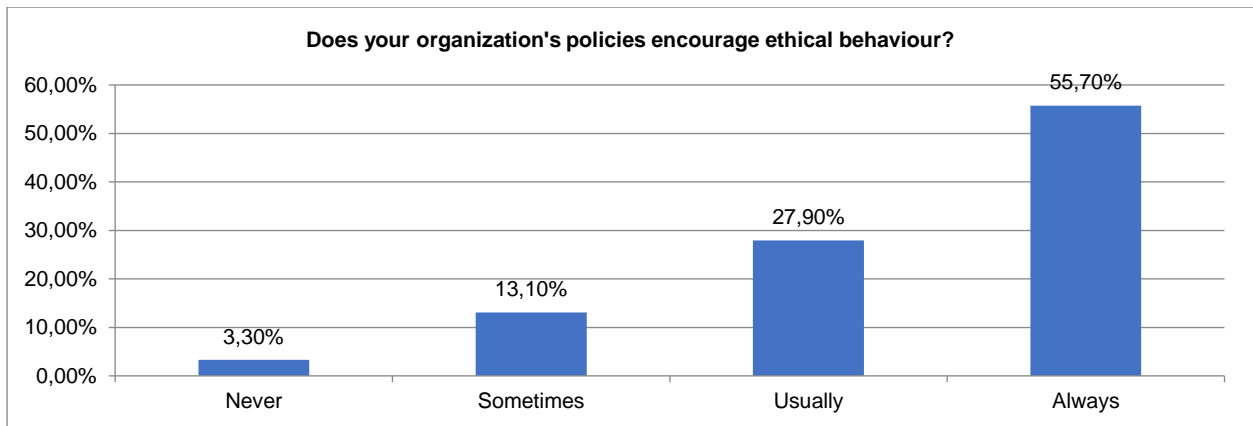


Figure 6.52: Policy influence on ethical behaviour

More than half of the respondents (55.7%) reported that the organisation's policies always encourage ethical behaviour; a tiny percentage (3.3%) indicated that policies do not encourage ethical behaviour.

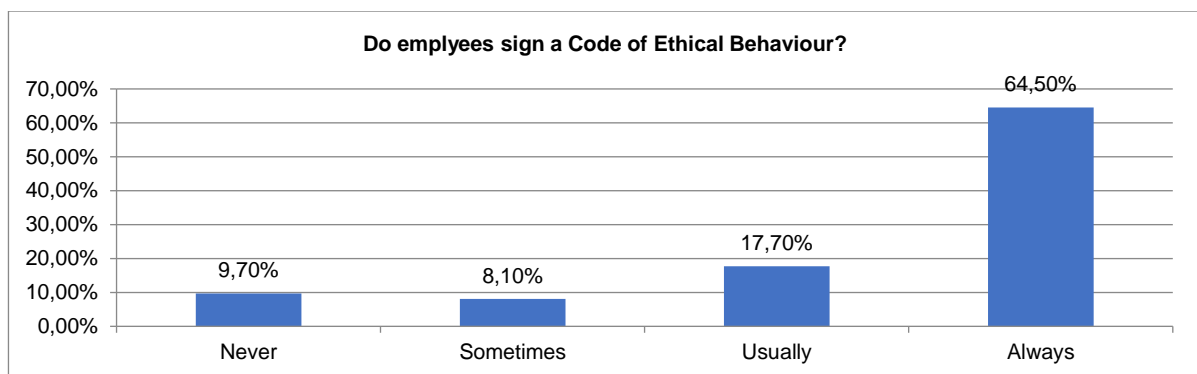


Figure 6.53: Acknowledgement of Ethical Codes of Conduct.

The majority (64.5%) of the respondents indicated that they always sign Codes of Ethical behaviour, and 9.7% never sign that they acknowledge that they have seen or read Codes of Ethical Behaviour.



Figure 6.54: Provision of training in ethics

Only 32.8% of the respondents indicated that their organisation always offers training in ethics, while equal percentages (29.3%) stated that training is never or sometimes provided.

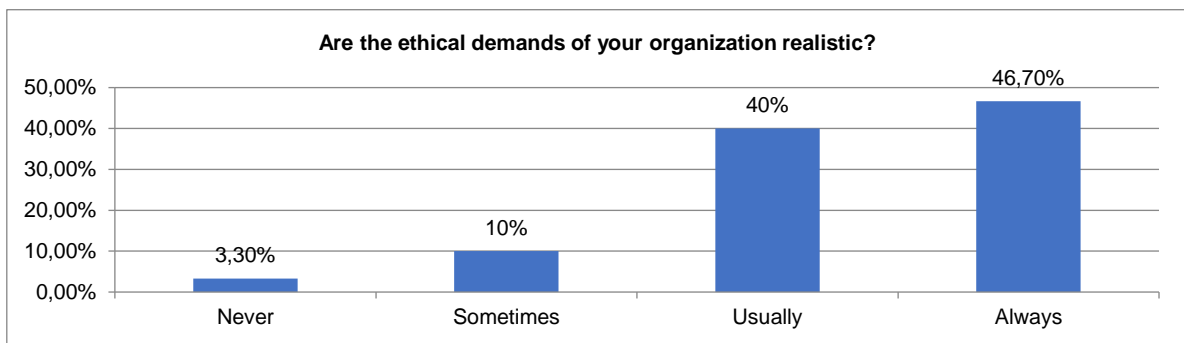


Figure 6.55: Are ethical demands realistic

Less than half (46.7%) of respondents indicated that the ethical demands of their organisation are realistic, with 40% indicating that ethical demands are usually realistic. However, a small percentage (3.3%) indicated that ethical demands are never realistic.

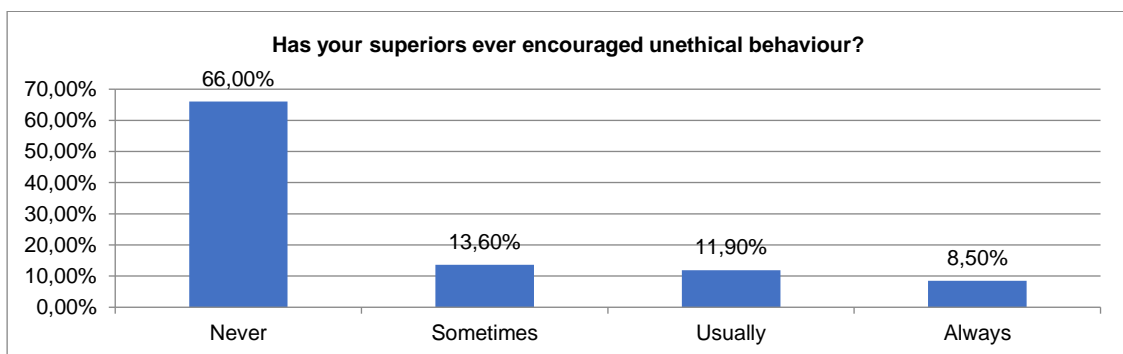


Figure 6.56: Superiors encouraging unethical behaviour

The majority of the respondents (66%) indicated that their superiors never encouraged unethical behaviour, while superiors sometimes (13.6%), usually (11.9%) and always (8.5%) encouraged unethical behaviour.

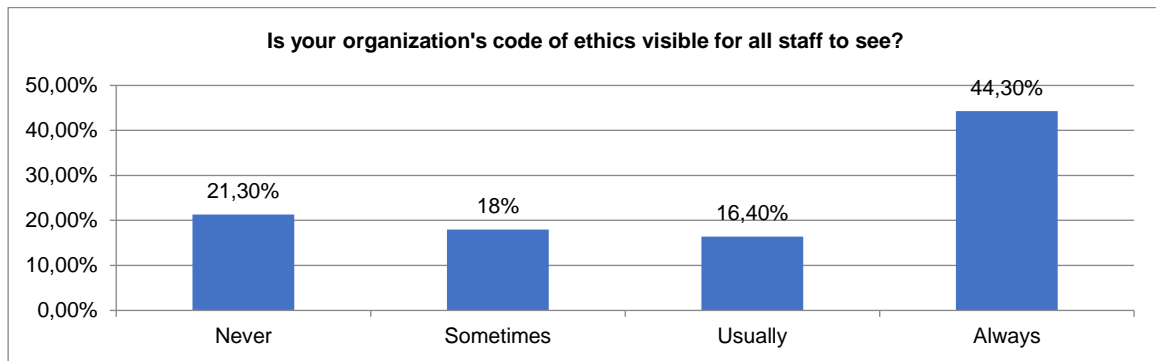


Figure 6.57: Visibility of Codes of Ethics

Less than half (44.3%) of the respondents indicated that codes of ethics are always visible, and 16.4% are usually visible for staff to see, while 21.3% indicated that codes of ethics are never visible.

6.7 SUMMARY

The findings revealed in this chapter represent the research results that have been obtained from the structured questionnaire. The research methodology for this empirical survey has been explained and the data obtained interpreted. The data (figure 6.52) verifies that policy adherence does have an influence on the ethical behaviour of office administrators' adjudication of applications for financial products. Furthermore, the data analysis shows that awareness and knowledge (figure 6.35) of policy content discourages unethical behaviour (figure 6.56). Finally, the research findings conclusively reveal that codes of ethics and policies facilitate agents that communicate governance objectives to decision-makers to achieve conformity through acceptable ethical behaviour, as shown in figure 4.3, pp151.

The next chapter will, in more detail, discuss and analyse the research results in more detail to determine if the research questions have been answered.

CHAPTER 7

DISCUSSION OF RESEARCH FINDINGS

7.1 INTRODUCTION

The information extracted from the research results in the previous chapter is an indication that the research objectives have been achieved. Therefore, this chapter discusses the research findings to determine if the research questions have been answered. In this chapter, the data is analysed to bring order, structure and meaning to the collected data (De Vos. 2002:339). The discussion in this chapter commences with validating the data obtained from the structured questionnaire, followed by the review of the research questions. This will lead to inferences from the research, resulting in the development of a matrix to describe the employee perceptions and response to policies in the financial services sector.

7.2 DATA AND SURVEY RESULTS VALIDITY AND RELIABILITY

The appropriateness of the research instrument and the accuracy of the analysis of the research data validate the generality of the findings on the phenomena (Saunders et al. 2016:202-207).

Foddy (1994:17) states that research is reliable and valid when the sense drawn from the understanding of the questions and answers given by the respondents equates to that of the researcher. Therefore, the research applied the four stages as illustrated in Figure 7.1 on the questions to ensure validity and reliability.

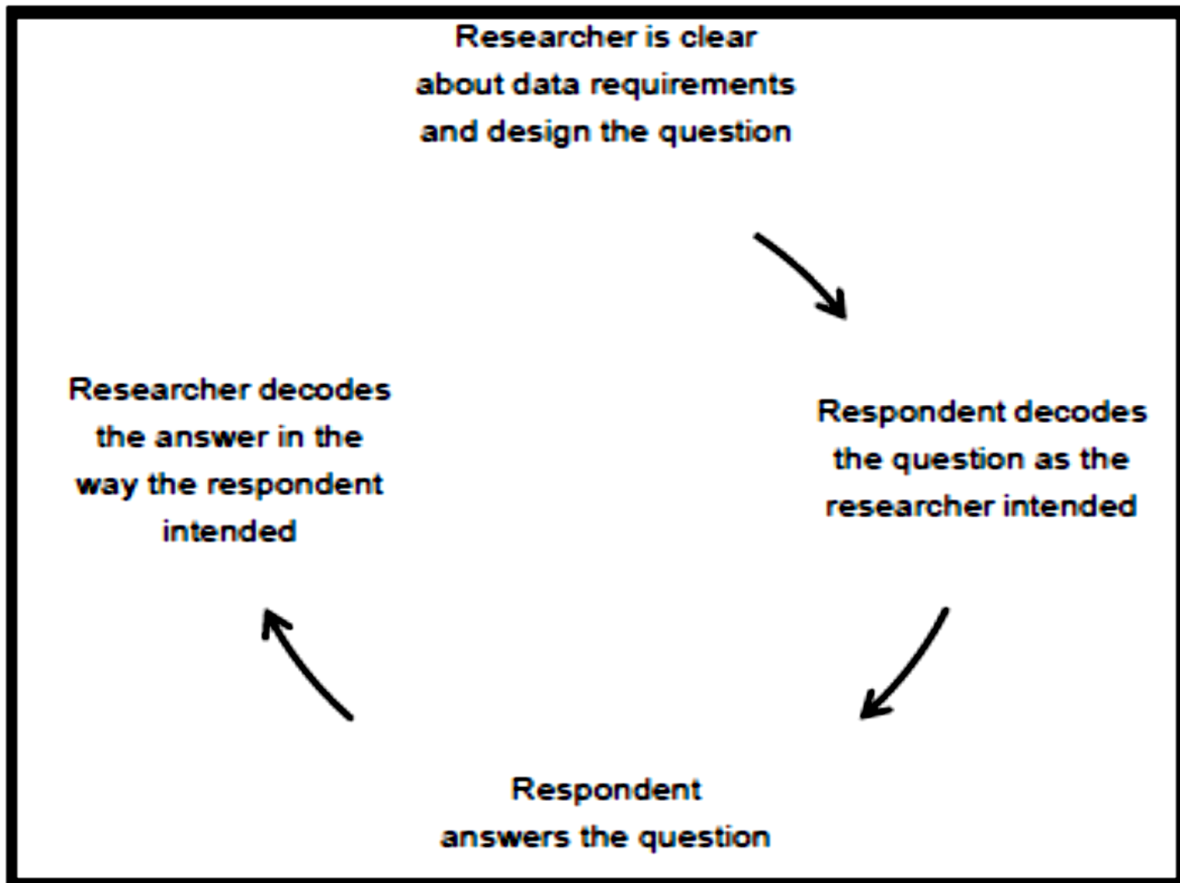


Figure 7.1: Stages for question validity and reliability

Source: Foddy, 1994

The design stage was continuously rewritten to make the decoding by the respondent easy and as the research intended. Orientation was given in completing the survey to eliminate ambiguity or difficulty in interpreting the results by the researcher. The number of responses obtained for each question is above 95%, thus providing evidence of internal validity, clearly demonstrating that the respondents understood the intent of the questions. The questionnaire used and the responses obtained allowed for accurate predictions regarding the influence of organisational policies on administrator ethics in the financial services industry. Drawing from Saunders et al. (2016:450), the research adopted predictive validity, which enabled the measuring instrument to facilitate accurate future predictions. The construct of attitude captured in the research questionnaire is the influence on administrator ethics. This was measured using the Likert scale, which clearly showed degrees of agreement and participation in the policy formulation process.

The biographical information displayed in chapter 6 verifies that the criteria used in selecting the respondents to answer the questionnaire give credibility to the relevance of the chosen

population and their experience in the financial services industry. This gives legitimacy to their qualification to objectively answer the questionnaire. Most of the respondents (60.32%) were female (figure 6.1, p. 164). The difference in the number of male and female respondents (39.6%) has no material impact on the reliability or validity of the research as the numbers reflect the norm of gender distribution in the financial services industry. The data indicated a substantial proportion (71.4%) of the respondents having direct access to clients (figure 6.8, p. 167), indicating the application of policy directives and the personal exposure to ethical dilemmas facing administrators. Most of the respondents (84.13%) had more than five years of working experience in the financial services industry (figure 6.4, p. 166), showing employees' good understanding and exposure to formulating and applying policies. The age of most of the respondents was above 40 (55.55%), indicating work experience and an ability to make independent objective decisions (figure 6.2, p. 165). The demographics of the respondents were significant in this study as the age and experience of the employees indicate their exposure to work processes within the industry, experience in dealing with questionable ethical dilemmas and their involvement in policy formulation. The research responses were analysed in Chapter 5 to validate the purpose of each research question.

7.3 INTERPRETATION OF RESEARCH FINDINGS

The research questions were divided into primary and secondary research questions (Page 7 of Chapter 1, paragraphs 1.6.1 and 1.6.2). The primary research questions addressed the policy formulation processes and ethical practices in the workplace, while the secondary research questions were exploratory, addressing compliance with workplace policies, legislation, and codes of conduct.

7.3.1 Discussions on findings of primary research questions

7.3.1.1 Primary research question 1

What workplace practices are employed when drafting organisational codes of ethics, policies, and values for administrators in the financial services industry?

The workplace practices were measured by determining what percentages of the employees are involved in policy formulation and if employees contribute to policy content. Involvement and contribution assisted in verifying the legitimacy and effectiveness of the workplace practices employed in drafting codes of ethics or policies to substantiate the literature in Chapter 2, paragraph 2.15, page 119. Only 38.8% (19.4 +19.4) (figure 6.11, p. 181) and 42.86% (figure 6.12, p. 186) respectively demonstrate involvement in and contribution to the policy formulation process. An average of fifty-two percent (51.6% =17.7% "don't know" + 21% "disagree" + 12.9% "strongly disagree"), (figure 6.14, p. 183) contend that staff contribution to

policy formulation are not considered. These percentages indicate that the workplace practices employed are ineffective as most employees are not involved. The following workplace practices were observed:

- (1) The workplace practices limit the possibility of harnessing all possible alternatives from the insights and experience of all employees as best practice in drafting policy content.
- (2) The workplace practices encourage complacency among employees resulting in apathy by employees to participate in future policy drafting opportunities.

Only 32% of the respondents requested training, while 46.77% never sought training and 20.9% indicated it does not apply to them (figure 6.15, p. 183). Workplace practices must motivate employees to make ethical decisions (Mellahi et al. 2010:81-82).

7.3.1.2 Primary research question 2

What motivates employees in the financial services to act ethical or unethical in their decision-making?

This research question was extensively dealt with in Chapter 2 (paragraph 2.1.2, p. 23-25), with table 2.2 identifying the staff motivation factors. The motivation for employees to act ethically or unethically is measured by comparing the perceptions employees have about the relevance of policy content, the easy availability of policies (Ashed et al. 2004:340), compliance levels to policies, and the understanding of policy content. Employees can only regard policies to be relevant if the policies have been made available to them and the content is fully understood. Meeting the requirements of relevance, availability and understanding effectuate motivation for ethical behaviour and ethical decision-making (Kish-Gephart et al., 2014:267-285). Figure 6.18, p.185 indicates that 68.2% of the respondents strongly agreed that the policies in their organisation were relevant and readily available to all staff.

7.3.1.3 Primary research question 3

What levels of influence do codes of ethics, policies or value systems have on the decision-making outcomes of administrators within the financial services industry?

Codes of ethics and policies can only influence administrators' decision-making if they are not ignored or the practicality thereof challenged Bandura et al. 2000:57-64). The research findings (figure 6.25, p. 188) demonstrate that a tiny proportion (19%) of the administrators ignore policies while less than half (48.2%) challenge the practicality of policies. Influence can only be measured by behaviour in congruence with or in direct opposition to the objectives of what the codes of ethics or policies desire to achieve. Interpretation of policy content influences behaviour and thus impacts individuals' decision-making ability. 49.2% of the

respondents reveal that policies are open to interpretation, while 45.2% indicate that administrators are creative in their interpretation (figure 6.26, p. 189) so that they could be able to meet their targets. Codes of ethics, policies and value systems do influence decision-making outcomes as the results demonstrate that the interpretation of policy content directly influences individual choice to comply or not.

7.3.1.4 Primary research question 4

What effect do personal ethics have on the decision-making processes of administrators within the financial services industry?

Person ethics is demonstrated in the interaction administrators have with clients and colleagues by how confidentiality is maintained. For example, 73.8% of the respondents (figure 6.42, p. 196) indicated that they are always honest when sharing information with stakeholders.

The propensity of administrators to behave in a manner that will advance their own objectives and guarantee increased commissions can be raised by unethical decision-making (Kish-Gephart et al. 2014:267-285). The research results indicate that majority of the administrators (56.6%) never favour clients (figure 6.43, p. 197). Interaction between work colleagues in the financial services industry is based on mutual trust and respect, as employees are always competing to achieve greater sales targets, attract new business and retain clients. Organisational policies provide guidelines on how employees interact and create the rules for business etiquette, thus forming the edict on how they can compete for a market share. Policies and rules can only be implemented and adhered to if compliance by individuals is based on personal ethics and if most administrators view their colleagues as ethical. A very high proportion, 83.6% (32.8 + 50.8 = 83.6%) regarded their colleagues to be (usually and always) ethical (figure 6.44, p. 197). Decision-making is influenced by personal ethics, as demonstrated by the administrator's unwillingness to execute unethical instructions. 77.4% of the respondents never executed an unethical instruction (figure 6.46, p. 198).

7.3.2 Review of secondary research questions

7.3.2.1 Secondary research question 1

How does the stringent utilisation of and compliance with organisational codes of ethics policies impact the levels of production of administrators within the financial services industry?

According to Southwood (2010:65-66), individuals have prudential reasoning because of the contracts they are bound to, and the predefined regulations and procedures policies prescribe; thus, administrators in the financial services industry operate within an environment where compliance is highly regulated. These regulations were not introduced to impinge on the ability

of individuals to work optimally but rather to protect the interests of employers, clients, and employees alike. A large proportion of the administrators, 60.3% (36.5 + 23.8) (figure 6.18, p. 185), comply with the codes of ethics and policies; this is supported by the fact that only 19% (figure 6.25, p.188) ignore policies and with 58.7% (36.5 + 22.2) (figure 6.32, p. 192) adhering to policies when adjudicating applications for financing. The majority of the respondents, 75.8% (45.2 + 30.6, agree and strongly agree) (figure 6.43., p. 197), that policies contribute to a compliant workplace. 98.41% (figure 6.38., p. 195) of the respondents were never found guilty of non-compliance with policy directives. Compliance is not necessarily an indicator of productivity but where policies contribute to improved morale and high standards of ethical behaviour amongst administrators' production levels. Otaibi (2017:54) supports the interpretation that incentive-based policies increase employee productivity. This is demonstrated by the administrator's response (figure 6.34., p. 193), where 54.9% agree and strongly agree that policies contribute to employee morale, thus influencing production levels. Policy content that requires compliance is guided by the regulatory framework that has been specifically promulgated to govern the financial services industry.

7.3.2.2 Secondary research question 2

How does the National Credit Act (Act. No. 35 of 2005) (NCA) impact the formulation of codes of ethics and decision-making processes within the financial services industry?

The purpose of legislation, particularly the NCA, was to regulate the financial services industry so that the interest of all role-players could be protected. The NCA forms the foundation around which policies within the industry are formulated. The NCA gives guidance for policy formulation on:

- a) Financing qualification criteria: This directive guides the administrator in ensuring that clients can afford the products they apply for and that they are not led into decision making that results in over-indebtedness. Institutions are forced to comply with the NCA, resulting in codes of ethics and policies being formulated to meet their requirements.
- b) The protection of information and confidentiality.
- c) The promotion of financial products

The regulatory framework contributes to the reinforcement of values and accountability (Erasmus et al. 2005:33); therefore, the research findings (figure 6.31, p. 191) support the perception that the NCA is a regulatory guideline that is used in the formulation of policies to enforce compliance, as 81% of the respondents observed that policies are used to facilitate

compliance with labour and civil regulations and 76.2% contend that policies are used to regulate behaviour. Furthermore, the NCA stipulates the criteria to be followed when adjudicating financial applications. Therefore, administrators in the financial services industry must adhere to the directives as captured in chapters 3 and 4 of the NCA in principle and practice when formulating codes of conduct and policies.

7.3.2.3 Secondary research question 3

What workplace practices can significantly impact the decision-making processes of administrators within the financial services industry?

Wood (2006:29) contends that poor financial performance can be linked to irresponsible management practices, thus affecting the agency given to administrators. Bachmann (2014:4-7) asserts that ethical leadership as a workplace practice contributes to greater efficiency. Agency gives authority for decision-making to all employees within different operational levels in the business. The decision-making authority and activities are, over time, established as workplace practices that are captured as a workflow procedure that leads to institutionalised policies. Workplace practices that have been identified in this research to have an impact on decision-making processes include:

- (a) The established internal control units used to control workplace practices that impact decision-making by enforcing compliance with work processes and policies. 60.7% and 87.1% of the respondents indicate that they have internal control units and that policies improve internal controls (figures 6.9 and 6.10, p. 180-1).
- (b) The lack of training in policy content for all employees can lead to the misinterpretation of policy directives and, ultimately, poor decision-making by administrators. Yet, 48.4 % of the employees (figure 6.16, p. 184) indicated that they never received training on policy content.
- (c) The visible display of policies creates a constant reminder of the processes and procedures that need to be followed in adjudicating applications for financial products. In contrast, the inadequate or lack of visible displays of policies may result in administrators using their own discretion when making decisions. A large proportion of the respondents, 49.21% (figure 6.19, p. 185), indicate that summaries of policies are not publicly displayed, and therefore such a workplace practice can have a detrimental effect on decision-making.
- (d) The availability of policies in a language that is understood is a workplace practice that reduces the risk of misinterpretation of policy content by employees and aids in decision-making congruent with policy directives among employees. 90.5% of the

respondents agreed that policies are available in a language they understood (figure 6.20, p. 186).

- (e) The practice by employees to acquaint themselves with policy documents related to their work designation is a workplace practice that enhances the ability of employees to make good decisions. 90.48% (figure 6.35, p. 193) of the respondents indicated reading all policy documents related to their work designation.

Workplace practices are those actions that employees repeat intuitively without any regulatory enforcement or decision support system. Phillip and Gully (2012:310) emphasise that ethical awareness is a prerequisite to ethical decision-making significantly impacting workplace practices.

7.3.2.4 Secondary research question 4

What impact does Decision Support Systems (DSS) have on policy formulations and decision-making?

Decision-making can only be augmented if the collection and analysis of information are improved; this can be accomplished by introducing decision support systems (DSS) (Sauter, 1997:4-13). Decision support systems are mechanisms and structures developed by financial institutions to assist in policy formulation that aids decision-making. Structure becomes the conduit for the decision support system as the decision-making process is a recurring administrative procedure controlled by policies. Gibson et al. (1991:17-18) note that quality decision-making results from a solid internal structure. Internal Control Units are used in financial institutions to ensure that the correct processes are followed in making financing decisions in compliance with policy directives. 60.7% (figure 6.9, p. 180) of the respondents indicated that they have Internal Control Units and that these units require management support, while 87.1% noted that policies improve internal controls (figure 6.10, p. 181). Internal Controls Units form part of the operations structure and assist in maintaining ethical work processes. The training in ethics supports employees in their decision-making for policy formulation and the granting of financial products. However, only 32.8% (figure 6.54, p. 202) of the respondents registered acknowledgement of any ethical training always being offered in their organisation. The lack of ethical training undermines a decision support system that should promote ethical behaviour in policy formulation and decision-making. Management plays a critical role in maintaining a decision support system that encourages ethical behaviour. Lamb (1999:14) refers to management as “Zookeepers” as they continuously work to curb temptations employees face. This is evident in the research response, as 66% of the respondents indicated that their superiors have never encouraged unethical behaviour (figure 6.56, p. 202).

In using the “Continuum of information systems products” of Sauter (1997:13), it can be observed that a DSS is vital for the embedding of policy directives to assist in the decision-making process. A decision support system can only impact ethical decision-making when such a system accommodates policy formulation processes that include all stakeholders, and the ethical demands made on employees are always realistic. 46.7% and 40% of the respondents indicated that the ethical demands were realistic and usually realistic (figure 6.55, p. 202). Mojsa-Kaja et al. (2015:103-104) contend that conflict between different values creates work stress and unrealistic expectations.

Ethical demands that are unrealistic negate a decision support system that fosters compliance with regulations and laws that govern the financial services industry and formulate policies in the interest of all stakeholders involved in the financial services industry.

7.4 MITIGATION FOR POLICY COMPLIANCE IN THE FINANCIAL SERVICES INDUSTRY

Smith and Johnson (1996:93) warn that data must not be manipulated for personal objectives when data is captured or retrieved. The research results indicate that employees’ exposure to working with clients (71%) (figure 6.8, p. 180) and their information increases the exposure to manipulating policy content to meet their own objectives and increases the propensity to act unethically. According to Ramli (2014:386), subordinate behaviour can be controlled by control authority embedded in the operating system so that decision-making can be consistent. However, the propensity for unethical behaviour is regulated by internal control units within departments that oversee the quality of the work produced and compliance with organisational policies. This is affirmed by Guy (1990:14-16), who notes that organisational and personal values are guideposts that assist in ethical decision-making. The scope of the internal control units requires management support for compliance in the execution of policies. Wattan (1998:122) observed that processes and rules establish control, but control can only become a culture when management follows the policies to “control” subordinates. The advantage of control units in departments for the enforcement and control of employee policy directives is observed in the number of employees (98.41%) who have never been summoned to disciplinary hearings (figure 6.38, p. 195) for non-compliance with policy directives. The research results show that a large proportion, 77.5% (figure 6.34, p.194) of the employees, agree that policies do contribute to compliance in the workspace. Policies can also be used to enforce compliance with operational processes, as indicated by 81% of the respondents (figure 6.31, p. 191). Enforced compliance encourages the manipulation of systems and processes and, therefore, undermines the purpose of what the policy intends. This is reinforced by Gibson et al. (1991:438), who suggest that structure is created to “control or distinguish the parts”. Policies influence attitudes. Robbins et al. (2017:63) contend that

attitudes are predictors of behaviour; “*Dependencies between attitudes and behaviour are more likely to occur when social pressures to behave in certain ways hold exceptional power*”. Policies encapsulate all social pressure in formal documents to ensure compliance and good behaviour. Policies make little provision for deviation from the standards and norms of an organisation (Robbins et al. 2017: 446). The research results indicate that most of the employees agree that policies always (55.7%) and usually (27.9%) encourage ethical behaviour in the workplace (figure 6.52, p. 186). Capps et al. (2009:420) espouse the view that moral judgements will have value if there is acceptance in the system or structure in which it operates. The conclusion can be made that a good policy that underpins the ethics that an organisation desires to entrench is more readily accepted by employees, resulting in increased compliance and fewer transgressions if employees are involved in the policy formulation process.

7.5 EMPLOYEE POLICY INVOLVEMENT

Employee involvement in policy formulation is critical not only for policy compliance but also for maintaining an ethical work environment and maintaining the organisation’s structure. Giddens (1984:25-27) emphasises that structure must not be seen as a constraint but that it can be seen as both constraining and enabling while acknowledging that structure can develop beyond what the actors intended it to be or achieve. Structure can also be developed where the theories and contributions of employees help in the constitution and reconstitution of policies to reify an intended structure. The reification of structures through policies can exclude the knowledge and ability of employees through discursive discourse; therefore, the duality of structure is the grounding continuum to policy involvement by employees, where structure is the enabler that allows employees to act in accordance with policy in a rational manner. According to Giddens (1984:186), structure is formed when mutual convertibility of rules and resources exists; this is evident where policies have legitimacy and significance for all stakeholders. Employee disengagement in policy formulation places an organisation at risk and exposes it to unethical practices. Rotta (2016:68) suggests that the mitigation of ethical risk requires adequate control measures. Policies form part of the arsenal for guiding ethical behaviour, but if employees are not involved or interested in the policy formulation process, exposure to unethical behaviour increases. The research shows (figure 6.11, p. 168) that 61.2% are not involved in policy formulation, while only 38.8% of the employees are involved. In adapting the theoretical model of middle management involvement in strategy (figure 7.2, p. 198) of Woodridge and Floyd (1990:232), the conclusion can be made that employee involvement in policy formulation leads to improved decision-making yielding superior policies that result in organisational performance that is ethical. The same conclusion can be formed that employee policy involvement facilitates greater consensus in policy content, thus ensuring

the improved ethical implementation of policy directives resulting in enhanced organisational performance due to involvement in policy formulation. This reinforces the perception of Hudson et al. (2019) that procedural justice is more applicable than distributive justice because procedural justice is created by communal ethical standards and is pliable to meet the requirements of every situation. The research results suggest that the norm that employee involvement in policy formulation leads to ethical behaviour is not always valid. Harman (2015:859-860) suggests that while there is a framework for morality, individuals do not come in a one-size-fits-all; thus, they do not respond to situations according to a monolithic mould of correct morality. The results indicate that the number of employees not involved in policy formulation (61.2%) is very high, while the number of employees who were found guilty of not complying with policy directives (figure 6.38, p. 195) is very low at 1.59%. Therefore, it can be concluded that the policy formulation involvement level of employees in the financial services industry is not a predictor of compliance with policies or individual ethical performance. This is also observed in the measurement of personal characteristics from the response to the questionnaire that 80.6% of the employees maintain confidentiality (figure 6.39, p. 195), 73.8% are always honest when sharing information (figure 6.42, p. 196), 56.5% and 30.6% never or sometimes favour clients (figure 6.43, p. 197) and 50.8% and 32.8% respectively regard their colleagues as being ethical (figure 6.44, p. 197).

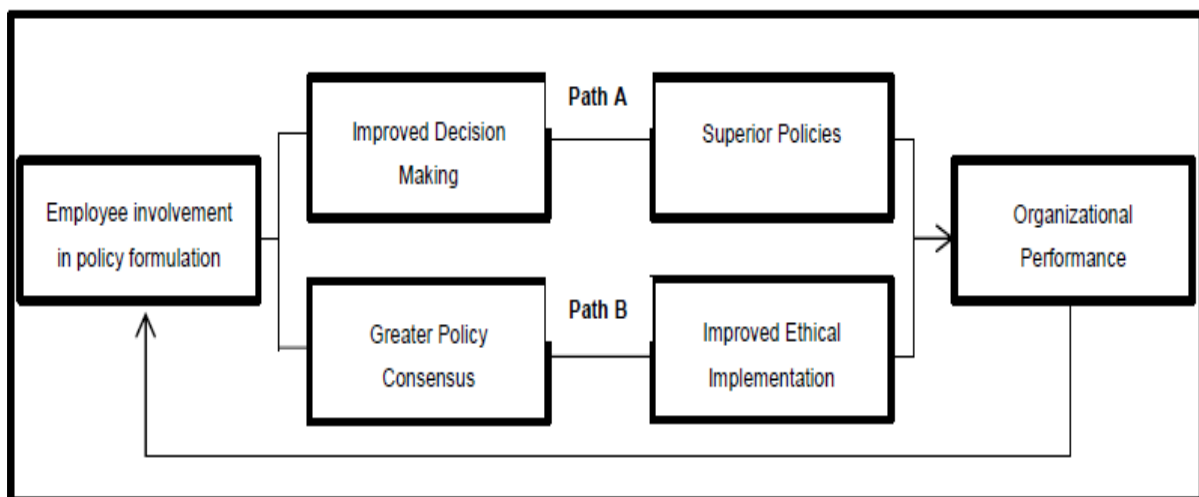


Figure 7.2: Employee policy involvement and organisational ethical performance.

Source: Adapted from Woodridge and Floyd (1990:232).

In referring to Forsyth et al. (2008), Sulsky et al. (2016:384-386) infer that individual and situational factors influence how people make ethical judgements. The hypothesis suggests that the higher the employee involvement in policy formulation in the financial services

industry, the higher the compliance. The research results debunked this theory, as the lack of involvement in the policy process does not indicate a reluctance to comply, nor does involvement guarantee compliance. The research results show compliance of 60.3% (figure 6.18, p. 185), while non-involvement in the policy formulation process is at 61.2% (figure 6.11, p. 181). This indicates that involvement in the policy formulation processes does not necessarily influence individual ethicality. The relationship between compliance and involvement of employees can be calculated by determining an area as a percentage of impact on the total employee population on a Cartesian plane if the area on the Cartesian plane is divided into percentages indicating involvement and compliance. Figure 7.3 shows the evidence extracted from this study on a Cartesian plane depicting the relationship between compliance to policy directives (y-axes) and involvement in policy formulation (x-axes) by employees in the financial services industry. The influence of organisational policies on office administrators' ethics in selected financial services companies can be assessed by understanding the relationship between employee involvement in policy formulation and employee compliance with policy directives. The following can be deduced from each quadrant in the square indicating employee compliance or non-compliance and involvement or no involvement calculated and presented as a percentage of the square area of activity.

Quadrant I ($38.8 \times 60.3/100 = 23.4\%$) indicate that only 23.4% of the population are involved and comply with policy directives. This result is very low as the ideal would be to have most employees involved in policy development and compliance. Quadrant II ($61.2 \times 60.3/100 = 36.9\%$) demonstrates the largest proportion of the employees, 36,9%, who do not participate in the formulation process but comply with policy directives. The high percentage of non-involvement in policy formulation and the high percentage of compliance contradicts what should be the norm with low participation and low compliance. This can be justified by the low levels of employees facing disciplinary hearings supporting compliance of 60.3%. Quadrant III ($61.2 \times 39.7/100 = 24.3\%$) shows 24.3% of the workforce not being involved or complying with policies in the workplace. This percentage is alarmingly high as such complacency or deliberate non-compliance can significantly threaten financial institutions. Quadrant IV ($38.8 \times 39.7/100 = 15.4\%$) indicates a level of 15.4% for the employee involvement in policy formulation while being non-compliant. Suggesting that participation could be only to fulfil an obligation and that non-compliance is not being monitored as 98.41% (figure 6.38, p. 195) of the employees were never disciplined or found guilty of non-compliance.

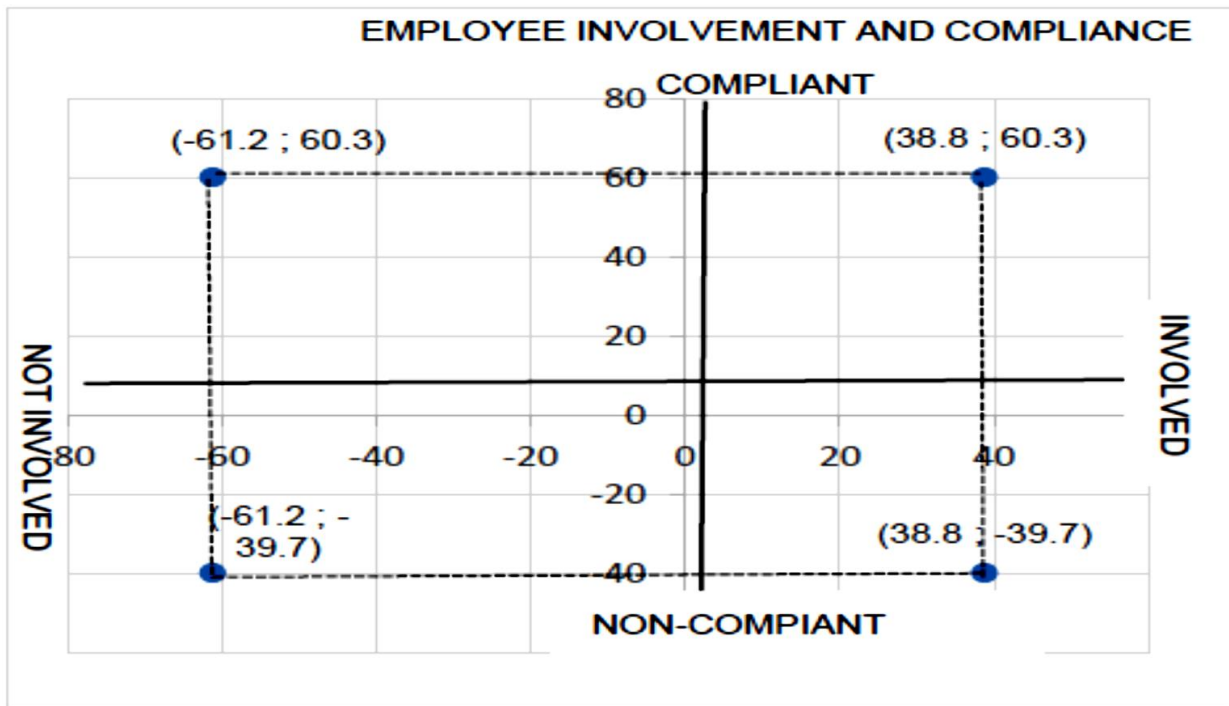


Figure 7.3: Employee Policy Compliance and Policy Formulation Involvement

Therefore, it can be concluded that policy involvement is not the only motivator for the ethical behaviour of employees in the financial services industry. Therefore, a practical framework is required that will assist organisations in increasing the congruence between organisational codes of ethics and decision-making.

7.6 THE PROPOSED GENERAL FRAMEWORK TO INCREASE CONGRUENCE BETWEEN CODES OF CONDUCT AND DECISION-

Organisational codes of conduct are derived from the regulations that guide the industry, and the value judgments of the stakeholders are captured in operational policies that form the structural framework within which the organisation operates. As mentioned in chapter 4 (figure 4.3, p.151), the structure comprises governance, strategy, and values that give agency to employees. Agency is not the liberal application of individual perception or the perception that employees may have on managers' perceptions or interpretations of policy content. Acceptable behaviour is guided by operational policies, information systems and corporate culture. All of this is communicated to the decision-maker within a structured framework. The research reveals that a structured framework is dependent on the perceptions that stakeholders have about policies and the policy process. Employee and management perceptions are guided by their own moral and ethical framework and organisational policies but are also influenced by how employees perceive managers interpret policies and how managers want them to apply policies when making financing decisions. Employee ethical

response to policies is a direct result of their perception of policies and is reflected in their level of involvement in the policy process. The research clearly shows that employee and management involvement in the policy process determines how policies are perceived and interpreted, resulting in a response that impacts the congruence between organisational codes of ethics and ethical decision-making. According to Giddens (1981:169), social systems between individuals that reinforce the regularity in behaviour in the flow of information form a structured environment in which patterns of interaction are created. Figure 7.4 illustrates the Employee and Management Policy Perception and Response to their policy interaction, thus providing a synopsis supporting what the conceptual framework addresses in paragraph 1.11.3, page 16 This reaffirms that structure is the medium for action and that actors interact within a system of rules by their involvement in policy formulation while having their own perceptions that influence how they respond to policies.

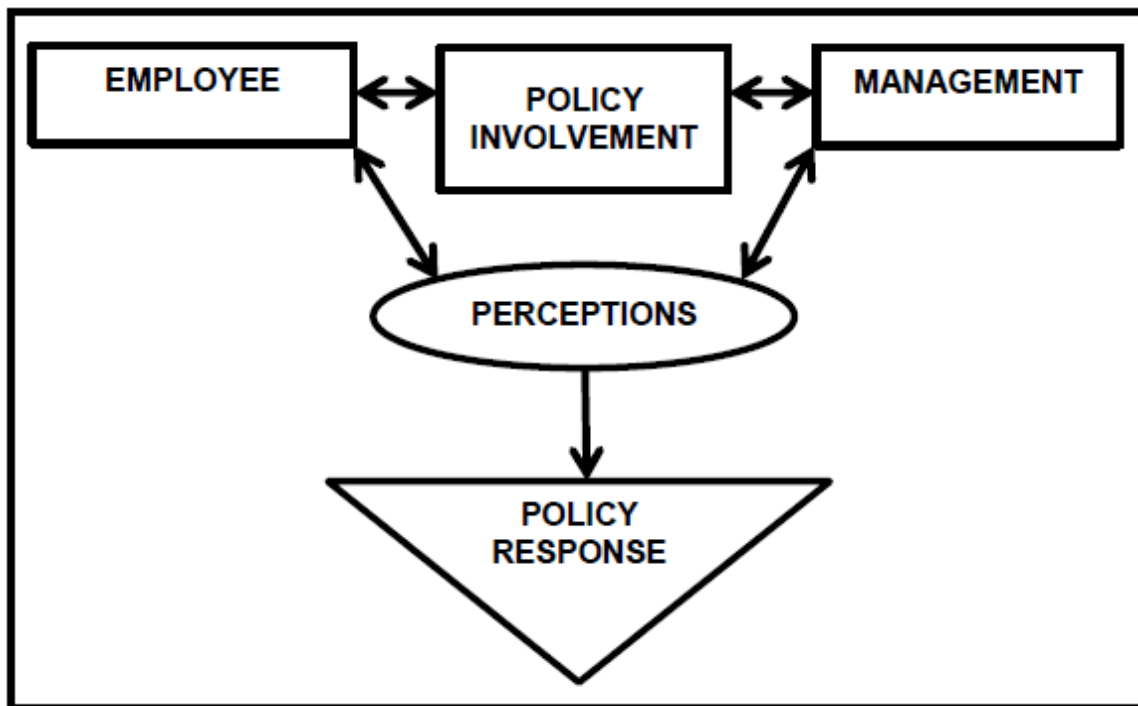


Figure 7.4: Employee and Management Policy Perception and Response

The employee and management's policy response may find congruence due to personal perceptions or the intensity of their involvement in the policy development process. However, a more significant determinant is their degree of involvement and their interpretations of the intent of the policies. Congruence between codes of conduct and decision-making can be determined when the perception and response of employees are measured in a policy matrix. The data obtained from the research questionnaire is used to construct employee perceptions

and responses to the policies matrix. Table 7.1 measures employee perception (EP) of policies against the employee perceptions of management response (EPM) to policies (x-axes). Furthermore, it juxtaposes employees' ethical responses (ER) against their involvement (EI) in the policy process (y-axes).

Table 7.1: Employee perception and response to policies matrix

EMPLOYEE PERCEPTION AND RESPONSE TO POLICIES MATRIX			
Employee perception of policies: (EP)		Employee perception of management response to policies: (EPM)	
• Helps to regulate work processes	50	• Managers must know all company policies	-11.8
• Improves integrity and reliability	50	• Managers must set the example in policy compliance in the workplace	-8.9
• Increases operational efficiency	40.3	• Managers must receive regular updates on the practicality and relevance of policies.	-9.9
• Establishes individual vigilance	41.9	• Managers must act immediately when policies are infringed	-10.4
• Solidifies the integrity of decisions	45.2	• Managers use policies as punitive threats.	-45.1
• Policies are relevant for our functional areas	68.2	• Managers apply policies selectively	-35.5
• Policies are used to facilitate compliance	81		
• Policies are used to regulate behaviour	76.2		
• Policies are drafted to fulfil administrative requirements	22.2		
• Policies impact positively to staff moral	54.9		
<i>Positive perceptions of employees regarding policies</i>	529.9	<i>Negative employee perception regarding manager response</i>	-121.6
AVERAGE	52.99	AVERAGE	-17.00
<u>Total x - axis score : 52.99 - 17 = 35.99</u>			
Employee ethics in response to policies: (ER)		Employee involvement in the policy process: (EI)	
• Staff members generally complying with policy directives	60.3	• Staff not involvement in policy formulation	-61.2
• Staff members not ignoring policies	81	• Staff contributions in policy formulation not considered	-51.6
• Staff members who are not creative in the interpretation of policies in order to meet operational targets	54.8	• Staff members not trained on policy content	-44.4
• Staff members adhering to policies in financing applications	58.7	• Staff not requesting policy training	-68
• Staff members found not guilty for policy non-compliance	98.41	• Staff members challenging the practicality of policies	-51.6
• Staff showing an interest in policies	64.5	• Staff acknowledging receipt of policies in the workplace	-16.13
• Staff speaking up when someone acts unethically	38.7	• Staff who did not read all the policy documents related to their work designation	-9.52
• Staff indicating that organization's policies encourage ethical behaviour	55.7		
<i>Positive employee ethics in response to policies</i>	512.11	<i>Negative employee involvement in the policy process</i>	-302.45
AVERAGE	64.00	AVERAGE	-43.00
<u>Total y - axis score: 64 - 43 = 21</u>			

The EP establishes employees' general perception regarding their compliance with and interpretation of policies and how they are applied within the workspace. The research presents a positive response to policies of 52.99% by employees. The EPM demonstrates that employees regard the perceptions of management as influencing their decision making. As the EPM moves further away from 0 on the x-axis, it becomes more negative and therefore exhibits a greater negative perception that employees have regarding the example managers set when applying, interpreting or participating in the policy formulation process. An EPM of -17% is not an indication that management is reckless in their approach to policy application or interpretation, as the majority (57.10% strongly agree while 36.50% agree, figure 6.33,

p.192 agree that managers adhere to policies and therefore have a positive perception of the contribution of management. The EP and the EPM indicate perceptions of policies by employees as a percentage of 35.99%, expressing a positive perception among employees regarding policies and the policy process. The assumption is that employee involvement will influence how employees respond to the policy directives. This assumption is tested by comparing the ER with the EI on the employee perception and response to policies matrix (table 7.1). The ER demonstrated an overwhelmingly positive response of 64% to employee ethics in response to policies. The ER signifies employee compliance to policy directives and ethical behaviour as a response to their interpretation of policies. The EI exposes a lack of participation in the policy process of -43%. The -43% of non-involvement is high for the financial services industry as compliance with regulations is captured within policies. Such a large proportion of employees not involved in the policy process increase the exposure to inappropriate and unethical behaviour within the financial services industry. Plotting the coordinates (35.99; 21) calculated in the employee perception and response to policy matrix onto the Cartesian plane, figure 7.5, assists in identifying and describing the ethicality of administrators in the financial services industry.

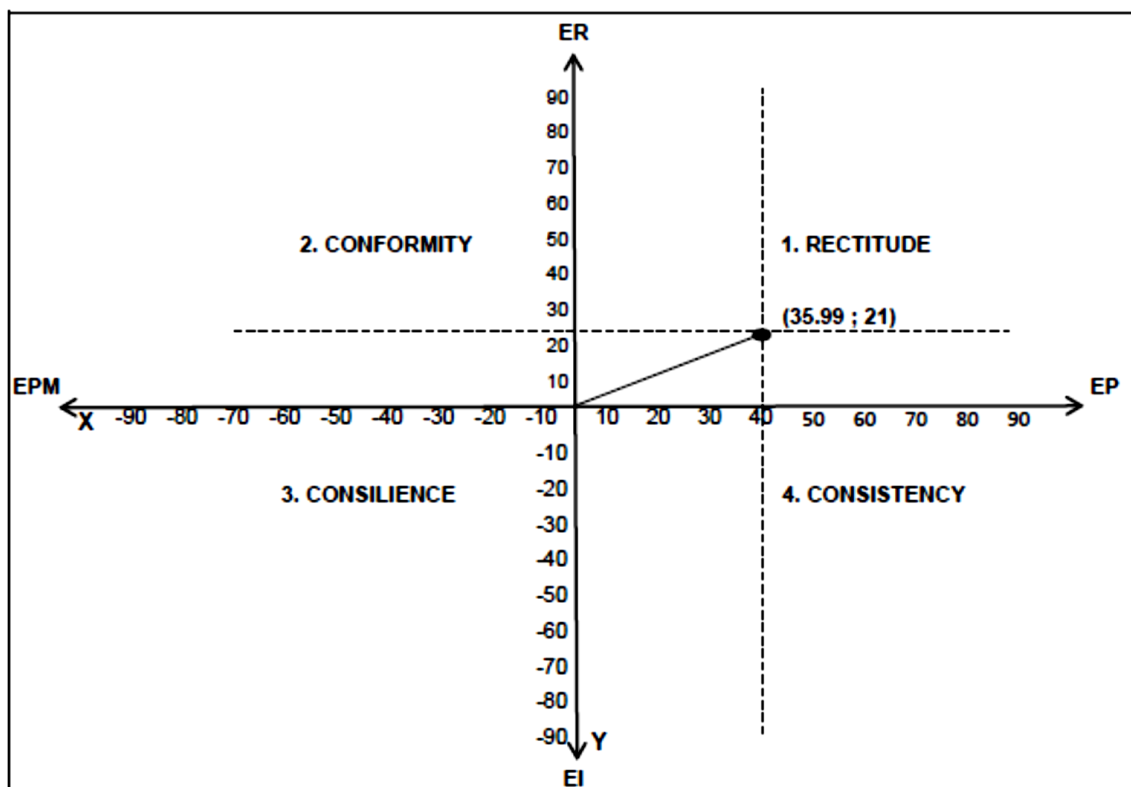


Figure 7.5: Employee perceptions and response to policies

Each of the four quadrants on the Cartesian plan describes the influence of organisational policies on office administrators' ethics as a response to their individual perceptions and policies. For example, figure 7.5 illustrates the influence of organisational policies on office administrator ethics in the financial services industry.

Quadrant 1; Rectitude: This quadrant describes the ER and EP of administrators that is dependent on their moral integrity and principled conduct derived from their value systems and perception. When EP and ER are high, administrators will make ethical decisions, and their participation in the policy formulation process will increase as congruency between individual and organisational values is achieved. Policies can only positively influence office administrator ethics when congruence between the ER and EP is achieved. Therefore, quadrant one can be seen as the quadrant that measures "rectitude", the correctness of office administrators' judgment, honesty, and integrity.

Quadrant 2; Conformity: This quadrant describes the levels of conformity between the ER and EPM. "Conformity" is behaviour in accordance with accepted conventions that meet the norms and values of administrators and managers as captured within policies. The management's perception of ethics and what the administrators perceive to be the interpretation of managers' perceptions of policies must conform to that of the employees for the influence of policies to affect an ethically compliant workspace. When the EPM does not conform to the ER, administrators will act in compliance with the instructions given to them by managers. Therefore, the influence of policies can be diminished or increased depending on the levels of conformity between the ER and EPM.

Quadrant 3; Consilience: This quadrant describes the consonance between EPM and EI, where a convergence of conclusions formed by employees' perceptions about management's views on policies and their involvement in the policy process is devoid of any ethics. If the employee involvement in the policy process is minimal, there will be more reliance on the management perception of policy interpretation when decisions are made and less reliance on personal virtue. This could lead to a lack of policy compliance and, ultimately, a morally corrupt workspace where conflicting and inappropriate decisions are made.

Quadrant 4; Consistency: This quadrant describes the accordance between the EP and the EI. If the EP and the EI increase synchronously, decision making will be more consistent. A lack in EI decreases the influence of policies on office administrator ethics and encourages individual interpretation of policy content. The achievement of consistency can only be achieved when congruency is achieved between EP and EI levels. Where the EP of

administrators is negative, the EI will be low, while the opposite may also apply in that a positive EP can lead to an improved EI.

7.7 SUMMARY

In chapter 7, the results of the research questionnaire were validated and discussed to validate the conceptual framework and describe the impact that structure has on policy formulation and response. The insights gained from Chapters 2, 3 and 4, the theoretical framework and Chapter 5, the research design and methodology were integrated to develop conclusions on how organisational policies influence office administrator ethics and decision-making. Chapter 8, the concluding chapter, will summarise the accomplishments of this research study and make recommendations on how organisations can use policies to improve employee ethics.

CHAPTER 8

CONCLUSION AND RECOMMENDATIONS

8.1 INTRODUCTION

A theoretical and practical perspective was provided by this research study on the influence organisational policies have on office administrators' ethics. This chapter concludes the accomplishments of this research by revisiting the research objectives to provide evidence that the objectives have been achieved based on the extensive literature review that was conducted and the analysis of the research results obtained from the research questionnaire. Finally, the chapter ends with recommendations on what organisations in the financial services industry can do to increase the influence of policies on office administrators' ethics, suggestions for future research and the concluding remarks.

8.2 CONCLUSIONS IN RELATION TO THE RESEARCH OBJECTIVES

The research objectives, as defined in Chapter 1, generated the following discussion:

1. Investigate the influence that organisational policies have on the ethical decision-making of Office Administrators in financial services companies.

The investigation proved that organisational policies create the foundation from which Office Administrators base their decisions on granting financial products to clients. Policies are structured to reflect the vision and missions of the organisation, while individual ethics influences policy content. In addition, policy content is shaped by the limitations of the directives prescribed by the legislation that governs the financial services industry. Therefore, compliance is mandatory in both the policy content that is enforced and in the ethical behaviour of administrators. However, the research did provide evidence that organisational policies influence the ethical decision-making of administrators.

2. Evaluate the key drivers influencing decision-making among administrators within the financial services industry.

The research identified five key drivers that influence decision-making among administrators; these include:

- I. The cultural and religious influences to which administrators are exposed form the foundation of ethical practices among administrators.
- II. The prevailing legal framework dictates compliance with prescribed laws specifically promulgated for the financial services industry.

- III. Individual financial needs that influence administrators to make decisions that will advance their economic objectives to achieve their financial targets.
 - IV. The stringent operation control systems that financial institutions have in place to monitor compliance and the structured way in which the decision-making process is regulated.
 - V. Concise policies, distributed, displayed, and strictly enforced, are key drivers influencing administrator decision-making. Moreover, these policies are extrinsic motivators that form the foundation for individual ethics.
3. Determine the levels of congruence that exist between organisational codes of ethics, including value systems of administrators within the financial services industry.

Codes of ethics reflect the values that prevail within organisations and are formulated with the input of administrators. The research concludes that there is a very high level of congruence between administrator ethics and organisational value systems. This is reflected by the very low occurrences of disciplinary hearings for fraud, unethical practices, and the propensity of employees to be enticed to give in to making decisions that will unduly benefit clients.

4. Determine the impact of the National Credit Act (Act. No. 35 of 2005) (NCA) on the formulation of codes of ethics and decision-making processes within the financial services industry.

The financial services industry is highly regulated. The NCA is the key pillar on which all the legislation that governs the provision of financial products and services is based in South Africa. The introduction of the NCA protected lenders and borrowers by preventing and limiting unscrupulous lending and borrowing. Financial services providers are compelled to formulate their policies in compliance with the legislation, and therefore codes of ethics are formulated in compliance with the NCA, forcing decision-making processes to be ethical.

5. Determine how the stringent utilisation of the compliance to organisational codes of ethics and policies impacts the production levels of administrators within the financial services industry?

The stringent compliance to the utilisation of codes of ethics and policies assisted administrators to operate on a level playing field with no individuals being allowed to deviate from predetermined processes. The research has shown that compliance with codes of ethics and policies is the norm amongst administrators. The production levels of administrators increased as new creative ways were found to meet clients' needs by

redesigning financial products to meet individual financial needs and to decrease indebtedness among lenders.

6. Recommend a general framework on how organisations can increase congruence between organisational codes of ethics and employee ethical decision making through the application of Structured Theory.

The development of a framework on how organisations can increase congruency between organisational codes of ethics and employee decision-making is addressed in chapter 7 using the employee perception and response to policies matrix. This matrix provides a framework that supports the theory and the responses to the research questionnaire resulting in conclusive observations about employee perceptions and responses to policies and codes of conduct. The results obtained from the matrix are plotted on a Cartesian plane (figure 7.5, p. 221) that provides indicators on the level of congruence between organisational codes of ethics and employee decision-making, clearly exposing employee rectitude, conformity, consilience, and consistency. The results obtained by using the framework allow organisations to review their structures, redesign their corporate governance processes, and improve their facilitating agents to communicate their policy intentions to encourage participation from administrators, resulting in standardised ethical decision-making.

- I. Using the matrix as a framework allows for:
- II. The problem being identified: The problem in this study was to determine the influence of organisational policies on office administrators' ethics in selected financial services companies. This was achieved by determining the employee perception and response to policies.
- III. The filling a knowledge gap: the matrix allows for a conclusive measurement of the employee perception and response to policies being made by using the matrix as a tool to achieve this purpose. Thus, contributing to the knowledge gap on this research topic
- IV. The filling a knowledge gap: the matrix allows for a conclusive measurement of the employee perception and response to policies being made by using the matrix as a tool to achieve this purpose. Thus, contributing to the knowledge gap on this research topic.
- V. The research questions: the matrix allows for the graphical presentation of the answers obtained from the research questionnaire on the Cartesian plane, thus verifying that policies do influence office administrator ethics. The relevant variables: the matrix

defines all the relevant variables for this study and shows how organisational policies influence the different variables for ethical decision-making.

8.3 RECOMMENDATIONS

Below are the recommendations on what financial services organisations can do to increase the influence that policies have on office administrator's ethics:

8.3.1 Recognise that ethical issues do exist

In recognising that ethical issues exist, financial services organisations must acknowledge that ethical dilemmas can emanate from individual administrators or the culture within the organisation. Every individual working in the financial services industry has a moral responsibility for their actions, and this morality is informed by the environment and culture to which individuals are exposed. Therefore, in recognising that ethical dilemmas exist, there must be an understanding of the factors that influence the morality and values of individuals. An organisation that is blind to the influences on the virtues and values of its employees will be at risk of continued ethical transgressions.

8.3.2 Policies must address ethical dilemmas

Administrators must be made aware of ethical dilemmas through policies so that they can understand the consequences of their actions for the organisation, clients, and themselves. All policies must be value-based and not rules-based to encourage ethical behaviour. Where policies are rules-based, administrators will view them as instruments of punitive intent and will find creative ways to "break the rules". Policies must appeal to the virtues of administrators so they will respond favourably to ethical dilemmas in the workspace. When dealing with ethical dilemmas, the focus must be on the impact they can have on the individual and the organisation. Therefore, individual, and social justice must be accomplished when ethical problems are resolved. When encountering ethical dilemmas, the weight must be assigned to the values and virtues that need to be addressed from the related policy that was infringed. Therefore, policies must be designed to address and promote the interest of all parties concerned to create a culture of honesty.

8.3.3 Encourage a work culture of honesty and mindfulness

Administrators must be encouraged to admit their mistakes and accept that they will make errors of judgment. This is achieved by management not being excessively critical and allowing employees to use their own initiative creatively. Employees must have the freedom to report ethical transgressions without the fear of reprisal. Mindfulness must be encouraged

so that administrators can always be conscious of how they act in response to policy directives, their work environment, and their activities' impact on others. It is not recommended that all actions of honesty be rewarded, but it is good always to acknowledge honest actions. The promotion of personal accountability and responsibility is vital in making administrators aware of the consequences of their actions. All acts of dishonesty, no matter how small, must be discouraged and responded to without delay. The organisational focus must move away from "what the administrator must do?" instead to "what the administrator must be?" This is done by addressing the virtues of administrators. Virtue ethics assist in developing humanity in all employees so that attitudes of integrity can be exposed in excellent and dedicated work performance.

8.3.4 Developing organisational processes that align with policies

Organisational processes must align with policies if organisations endeavour to achieve their vision and encourage an ethical environment where administrators can support and adhere to policies. In order to achieve alignment between policies and processes, administrators must participate in the policy formulation processes as they are the individuals who must apply policies in their interaction with colleagues and clients while facing ethical dilemmas when policies or processes are not synonymous with their own value systems.

8.3.5 Increasing administrator participation in the policy formulation process

Managers must encourage administrator involvement in the policy formulation process by allowing employees to take ownership of the process. Administrators should be aware of the risks involved in not contributing to policy content and the benefits that their insights and experience can add to the process. Management must not manipulate the staff selection process for representatives to be part of policy formulation committees. Employee contributions must be welcomed and acknowledged and not sanctioned without consultation. Administrator participation will increase if they understand that policy formulation is process orientated and does not enforce punitive intentions, as participation that results in creating a document that will be used against them is never favourably accepted by anyone. Employee participation increases when training is provided in policy formulation and interpretation.

8.3.6 Achieving congruency between management and employee policy interpretation

It may not always be possible to achieve congruency between management and employee interpretation of policies, but all efforts must be made to come to a common understanding of what policies want to achieve. In this regard, employees must not be forced into an interpretation that reinforces the objectives of management but instead seeks to achieve that which is in the interest of all involved. Furthermore, policy content must be convergent, not

divergent, so that all stakeholders can be aligned with the policy's intent, with a more congruent interpretation of the content and intent of policies. Workplace harmony between managers and employees is achieved when regular workshops are held to train all stakeholders on the policy content, indicate why the policies are necessary, which legal framework necessitates the existence of the policies, and how the policy will be operationalised.

8.4 CONTRIBUTION

This section reviews the practical, methodological, and theoretical contributions of the research.

8.4.1 Practical Contribution

The main aim of this study was to explore the alignment between individual ethical values and organisational policies embedded within decision-making processes within the financial services industry. The research confirmed that policies influence and improve internal controls (figure 6.10, pg. 185) and where policies are relevant and available to administrators, compliance with policy directives increase (Figure 6.18, pg. 188). This research contributes to the understanding of policies as tools that can enforce compliance with operational processes (figure 6.31, pg. 195) but cautions that stringent enforcement can manipulate systems and structures. The normative approaches to this research indicate that administrators attach meaning to their experiences and ontological assumptions that may lead to the polarisation of opinions when policies and related legislation are interpreted. The research contributed firstly to understanding the ethical behaviour of office administrators working in the financial services industry. Secondly, it emphasises that structure is the best conduit for consistent decision-making. Thirdly it reaffirms the importance of management involvement in the policy formulation and implementation process, and fourthly it shows that moral efficacy in the financial services industry can result from employee participation in policy formulation. The research approach is based on the conceptual framework presented in Figure 1.2, pg. 17) that is discussed in detail in Section 1.12.3, illustrating the interaction between employee and employer, agent and authority, and role autonomy and structure in making ethical decisions that lead to behavioural change. The research offers practical contributions that will aid in designing conceptual frameworks to enhance the employer-employee relationships in the discourse in finding solutions to ethical dilemmas when policies are drafted.

The research contributes to the development of employee perceptions and response to a policy matrix (figure 7.5, pg. 221) that will aid businesses in identifying and describing the ethicality of employees working in the financial services industry, thus assisting in minimising unethical practices in the adjudication of assessing and awarding financial services products.

8.4.2 Methodological Contribution

The research study appropriated an exploratory approach using the data acquired to make qualitative inputs to answer the research questions. The qualitative research method was best suited for this kind of research as no other research method can best describe the ontological experiences of office administrators in the financial administration industry. The research method allowed the researcher to examine the phenomenon from the perspective of the office administrators to best describe and understand their experiences. This research study presents a framework for why qualitative research methods are best in determining the influence of organisational policies on office administrator ethics in the financial services industry. The epistemological value of the qualitative methodology adopted allowed for the underpinning theory (Structuration) to justify why the duality of structure is essential when policies are formulated and the role that the actors play in the development of organisational ethics. The research methodology contributed to the contextualisation of experiences, perceptions, data and theories about ethics and policy formulation to describe employee perceptions and responses to policies (Figure 7.5, pg. 221).

The methodology contributed to understanding theory and work processes relevant to the financial services industry, giving access to office administrators' behaviours, perceptions, and beliefs within the work environment. The qualitative methodology allowed for the exposition of the empirical reality so the employees' experience and theory could be reconciled.

The qualitative research methodology was best suited for challenging assumptions about employee ethics and the levels of participation in the policy formulation processes. Thus, the chosen methodology contributed significantly to the knowledge and practices applicable to the financial services industry.

8.4.3 Theoretical Contribution

The theory and empirical findings of this research assisted in contributing to understanding the interplay between organisational policies and administrator ethics. The theoretical contribution consists of developing a framework for reaching ethical behavioural change (Figure 1.2, pg. 17) and the use of the employee perception and response to policies matrix to determine the ethicality of office administrators in the financial services industry in Chapter 7 in figure 7.5, pg. 221). The matrix provides a framework for identifying underlying ethical dilemmas prevalent within the industry and workplaces. In addition, the research contributes extensively to the theory on the influences of organisational policies on administrator ethics as no research was ever done on this phenomenon, providing a comprehensive conceptual understanding.

The phenomenological theoretical perspectives contributed by making sense of what gives meaning to the perspectives of individuals, while labelling theory assisted in debunking the stereotypes that administrators in the financial services only work to satisfy their own needs. The theory contributes to advancing perceptions about the structure and social order within a business and will contribute extensively to the knowledge about policies and ethics.

8.5 SUGGESTIONS FOR FUTURE STUDIES

The problem statement in chapter 1 highlighted the need for research on the influence that policies may have on administrator ethics. The key objective of the research provided a solution to the research problem through the insightful application of relevant literature on the topic and the use of structuration theory to develop a framework with which the employee perceptions and responses to policies could be determined. The findings of this research suggest that financial institutions need to be more inclusive when policies are formulated as policies are not only influenced by the prevailing culture but also that organisational culture can have an influence on policy content and interpretation.

The typical response to the relationship between ethics and business is that it is oxymoronic. The perception exists that the concepts of business and ethics are a contradiction in terms of business can never be ethical. This perception fragments the organisational goal of focussing individual ethics on what policies try to achieve. Ethics and values can only be manifested in how policies are interpreted. Therefore, aligning organisational policies with individual ethics will remain a challenge in business.

The focus of this study was on the influence that organisational policies have on the office administrators' ethics in selected financial services companies in South Africa. Various research topics explored employee ethics and policy formulation in the workplace; therefore, it is sensible to assume that this research does not conclusively cover all the possible research in this area, and thus more research will be necessary in the future.

As this research was conducted during a period when employees were working from company offices, it is suggested that future research consider the effect working from home has on employee ethics and their interpretation of policies under such conditions. In addition, many related topics can be suggested for future research that can make a valuable contribution to the discourse on policy and ethics. The following is suggested:

- I. Policy adherence by employees during the Covid-19 pandemic.
- II. A unionised environment's influence on the policy formulation process and policy content.
- III. Embedding policy directives in electronic decision-making processes and software.

IV. The influence and impact that Institutional policy training has on the compliance levels of employees.

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APPENDIX A

SURVEY QUESTIONNAIRE

10 AUGUST 2019

Dear Sir/Madam

I, Mario Peter Da Costa am currently pursuing research towards the completion of a D.Tech. Office Management and Technology my research project is entitled: The Influence of Organizational Policies on Office Administrators' Ethics in a Selected Financial Services Company in South Africa. The researcher seeks your permission to share approximately 10-15 minutes of your valuable time during the questionnaire-based interviews.

Explanatory notes:

1. Your participation in this study is completely **voluntary**. Please **do not** provide your name or contact details.
2. All information given in this questionnaire will be kept strictly **confidential** and **anonymous**. Under no circumstances will other employees or your employer have access to the information provided by you.
3. Your responses will be used in an aggregate form with other responses. At no time will your responses or your name be identified in any reports.
4. Please answer **ALL** questions even if you are not completely certain of your response.
5. Result obtained from this research project will be used for producing a D.Tech. Thesis that will appear in the Cape Peninsula University of Technology library and research articles in research journals and presented at conferences.

i.

Kindly complete the questionnaire and submit it inline before 26 September 2019.

Should you have any queries regarding this survey, you are welcome to contact the research team.

Mr M. P. Da Costa

Dr Michael Twum-Darko (PhD)

D.Tech Student -FBMS

Cape Peninsula University of Technology

Faculty of Business & Management Sciences

Cape Town, 8000

Cape Peninsula University of Technology

South African

Cape Town, 8000

Tel: 082 395 8772

South Africa

SECTION A BIOGRAPHIC DETAILS

The information in this section will be used for profiling purposes only. Please tick (x) in the appropriate block.

A1. Gender

Male 1

Female 2

A2. Age range

Under 30 years

1

30-39 years

2

40-49 years

3

50-59 years

4

60 and above

5

A3. Indicate your highest level of education?

No Formal qualification

1

High School Grade 12 (Matriculation)

2

IISA (Insurance Institute of SA) accredited qualification

3

Undergraduate or equivalent degree

4

Postgraduate or equivalent degree

5

SECTION B EMPLOYEMENT HISTORY

Please tick (x) the appropriate block.

B1. Years of experience in the Financial Services Industry?

Less than 1 year

1

Between 2-4 years

2

Between 5-10 years

3

More than 10 years

4

B2. What is your working position?

Salesperson or Administrator

1

- Accounts (Debtors) Administrator 2
- Financing Application Approvals 3
- Client Services Administrator 4
- Broker Administration 5
- Other 6

- Please specify:.....

B3. Which section in the company are you working in?

- New business 1
- Accounting 2
- Internal control 3
- S&T Claims 4
- Other 5

- Please specify:.....

B4. Who do you report to?

- Supervisor 1
- Team Leader 2
- Manager 3
- Other 4

- Please specify:.....

B5. Do you work with clients?

- Yes 1 No 2

B6. Do you have family members working in the same department as you?

- Yes 1 No 2

B7. Have you ever been summoned to a disciplinary hearing?

- Yes 1 No 2

If yes, please briefly explain why:

.....
B8. Does the department have an internal control unit?

Yes 1 No 2

B9. Does the scope of the internal control unit require the management support?

Yes 1 No 2

SECTION C STAFF INVOLVEMENT IN COMPANY POLICIES

Below are several descriptors on the staff involvement in policies. Please indicate the extent to which you agree or disagree with the statements.

Strongly agree = 5, agree =4, I don't know =3, disagree =2 and strongly disagree = 1.

CROSS ONLY ONE NUMBER FOR EACH STATEMENT

Strongly
agree Strongly
disagree

Staff involvement in Policy formulation:

C1. All our staff is involved in policy formulation 5 4 3 2 1

C2. Staff contributions in policy formulation are considered. 5 4 3 2 1

C3. Staff members are trained on Policy content 5 4 3 2 1

C4. Policies are relevant for our functional areas 5 4 3 2 1

C5. Policies documents are easily available 5 4 3 2 1

Question (6-9) Compliance to Policies:

C6. Staff members generally comply to policies 5 4 3 2 1

C7. Staff members challenge the practicality of some policies 5 4 3 2 1

C8. Staff members understand the content of policies 5 4 3 2 1

C9. Staff members ignore policies 5 4 3 2 1

Question (10-12) Application of Policies in your

Company:

C10. Policies are used to facilitate compliance 5 4 3 2 1

C11. Policies are used to regulate behaviour 5 4 3 2 1

C12. Policies are drafted to fulfil administrative requirements only 5 4 3 2 1

Question (13- 15) Operational application of Policies:

C13. Policies are strictly adhered to in financing applications. 5 4 3 2 1

C14. Our company policies are open to interpretation. 5 4 3 2 1

C15. Staff members are creative in the interpretation of policies in order to meet operational targets. 5 4 3 2 1

Question (16-21) Managers and policies

C16. Managers must know all company policies 5 4 3 2 1

C17. Managers must set the example in policy adherence in the workplace 5 4 3 2 1

C18. Managers must receive regular updates on the practicality and relevance of policies 5 4 3 2 1

C19. Managers must act immediately when policies are infringed 5 4 3 2 1

C20. Managers use policies as punitive threats 5 4 3 2 1

C21. Managers apply policies selectively 5 4 3 2 1

Question (22-23) Policy impact on staff moral:

C22. Policies contribute to a compliant workforce 5 4 3 2 1

C23. Policies impact positively to staff moral 5 4 3 2 1

I would like to know what your involvement is regarding policies. Please indicate the extent to which you agree or disagree with the statements. Yes = 3, No=3, N/A= 1.

CROSS ONLY ONE NUMBER FOR EACH STATEMENT

Yes No N/A

Policies and the Employee?

C24. Have you contributed to policy content? 3 2 1

If no, please briefly explain why:.....

C25. Have you read all the policy documents
related to you work designation? 3 2 1

C26. Do you understand the policy content? 3 2 1

If no, please briefly explain why:.....

C27. Did you receive training on policy content? 3 2 1

C28. Did you ever request policy training? 3 2 1

If yes, please briefly explain why:.....

C29. Are policies available in a language

that you understand? 3 2 1

C30. Are summaries of policies publicly displayed in your workplace? 3 2 1

C31. Were you ever found guilty of not complying to a policy? 3 2 1

C32. Did you ever acknowledge receipt of policies in your workplace? 3 2 1

C33. Do policies improve internal controls 3 2 1

SECTION D THE BENEFITS OF POLICIES IN YOUR WORKPLACE

Below are a number of descriptors on the benefits of policies in the workplace. In your opinion, internal controls are helpful with regard to the following internal control objectives:

(1 = Very little, 2 = Little, 3 = Moderate, 4 = Quite, 5 = A lot).

CROSS ONLY ONE NUMBER FOR EACH STATEMENT

Why do staff comply to policies?	A lot			Very little	
D1. Helps to regulate work processes	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
D2. Improves integrity and reliability	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
D3. Increases operational efficiency	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1

- D4. Establishes individual vigilance 5 4 3 2 1
- D5. Solidifies the integrity of decisions 5 4 3 2 1
- D6. Increases the authenticity of Data 5 4 3 2 1
- D7. Decreases the potential for fraud 5 4 3 2 1
- D8. Ensures equity in the application of rules 5 4 3 2 1
- D9. Ensures consistency in management decisions 5 4 3 2 1
- D10. Improves client satisfaction 5 4 3 2 1

SECTION E (BARRIERS TO POLICY COMPLIANCE)

I would like to find out a little about the barriers to policy compliance in your workplace. Below are several potential reasons for non-compliance. Please indicate the extent to which you agree or disagree with the statements.

Strongly agree = 5, agree= 4, I don't know =3, disagree =2 and strongly disagree = 1.

CROSS ONLY ONE NUMBER FOR EACH STATEMENT

Strongly
agree

Strongly
disagree

Internal controls:

- E1. No staff participation in drafting policies 5 4 3 2 1
- E2. Lack of interest by staff 5 4 3 2 1

- E3. No staff training on policy content 5 4 3 2 1
- E4. Policies drafted in legal terminology 5 4 3 2 1
- E5. Policies not written in staff vernacular 5 4 3 2 1
- E6. Policies seen as punitive documents 5 4 3 2 1
- E7. Policies not available to staff 5 4 3 2 1
- E8. Policies are cumbersome documents 5 4 3 2 1
- E9. Policies not meeting individual agendas 5 4 3 2 1
- E10. Relevance of policies not understood 5 4 3 2 1
- E11. Policies are archived and not promoted 5 4 3 2 1

SECTION F (PERSONAL ETHICS)

I would like to find out a little about your personal ethics. Below is a list of personal characteristics. Please rank yourself on each of these characteristics using the scale: Never, Sometimes, Usually and Always.

CROSS ONLY ONE NUMBER FOR EACH STATEMENT

- | | Never | Sometimes | Usually | Always |
|--------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| F1. Do you maintain confidentiality? | <input type="checkbox"/> 4 | <input type="checkbox"/> 3 | <input type="checkbox"/> 2 | <input type="checkbox"/> 1 |

F2. Do you say no to inappropriate appeals? 4 3 2 1

F3. Do you discuss client information
with other staff members? 4 3 2 1

If Usually or Always, please briefly explain why:.....
.....
.

F4. Are you skilled in avoiding conflict
of interest? 4 3 2 1

F5. Do you maintain copyright laws? 4 3 2 1

F6. Are you honest when sharing information? 4 3 2 1

F7. Do you ever favour clients? 4 3 2 1

If Usually or Always, please briefly explain why:.....
.....
....

F8. Do you speak out when someone acts
unethical? 4 3 2 1

F9. Have you executed an instruction knowing
that it was unethical? 4 3 2 1

F10. Have you ever been bias in your
decision making?

4 3 2 1

If Usually or Always, please briefly explain why:.....
.....
....

F11. Have you ever been influenced by a
client's race when making a decision?

4 3 2 1

F12. Have you ever questioned your
personal ethics?

4 3 2 1

If Usually or Always, please briefly explain why:.....
.....

SECTION G (ORGANIZATIONAL ETHICS)

I would like to find out a little about your organizational ethics. Please rank your organization on each of these characteristics using the scale: Never, Sometimes, Usually and Always. (Yes or No)

CROSS ONLY ONE NUMBER FOR EACH STATEMENT

NO		YES	
Never	Sometimes	Usually	Always

G1. Does your organization have an ethics
policy?

4 3 2 1

G2. Does your organization reward good
ethical behaviour?

4 3 2 1

- G3. Do you regard the leaders of your organization to be ethical? 4 3 2 1
- G4. Do employees sign a Code of Ethical Behaviour? 4 3 2 1
- G5. Does your organization offer training in ethics? 4 3 2 1
- G6. Does your organization's policies encourage ethical behaviour? 4 3 2 1
- G7. Do your work colleagues act ethically? 4 3 2 1
- G8. Are the ethical demands of your organization realistic? 4 3 2 1
- G9. Has your superiors ever encouraged unethical behaviour? 4 3 2 1
- G10. Is your organization's code of ethics visible for all staff to see? 4 3 2 1

Thank you for your time and cooperation. Your views are much appreciated.

APPENDIX B. RESPONDENT LOGIN EVIDENCE

RESPONDENTS LOGIN DETAILS													
Response ID	Status	Published	User ID	Response Date	Completion Date	IP Address	User name	Login Name	Email Address	Country	City	Browser	OS
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3161	Response finalized	1	0	04/03/2020 10:04	04/03/2020 10:10	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3160	Response finalized	1	0	04/03/2020 10:04	04/03/2020 10:59	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3159	Response finalized	1	0	04/03/2020 10:01	04/03/2020 10:18	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3158	Response finalized	1	0	04/03/2020 10:01	04/03/2020 10:13	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3157	Response Pending	1	0	04/03/2020 10:01	0000-00-00 00:00:00	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3156	Response Pending	1	0	04/03/2020 10:01	0000-00-00 00:00:00	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3155	Response Pending	1	0	04/03/2020 10:01	0000-00-00 00:00:00	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3154	Response finalized	1	0	04/03/2020 10:01	04/03/2020 10:20	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Internet Explorer	Windows 7
3153	Response finalized	1	0	04/03/2020 10:01	04/03/2020 10:11	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3152	Response Pending	1	0	04/03/2020 10:01	0000-00-00 00:00:00	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3151	Response Pending	1	0	04/03/2020 10:01	0000-00-00 00:00:00	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 7
3150	Response Pending	1	0	04/03/2020 10:01	0000-00-00 00:00:00	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3149	Response Pending	1	0	04/03/2020 10:00	0000-00-00 00:00:00	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Internet Explorer	Windows 7
3148	Response Pending	1	0	04/03/2020 10:00	0000-00-00 00:00:00	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3147	Response finalized	1	0	04/03/2020 10:00	04/03/2020 10:24	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3146	Response finalized	1	0	04/03/2020 10:00	04/03/2020 10:09	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3145	Response finalized	1	0	04/03/2020 10:00	04/03/2020 10:16	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3141	Response finalized	1	0	04/03/2020 09:05	04/03/2020 09:18	41.149.76.176	NULL	NULL	NULL	South Africa	Centurion	Google Chrome	Windows 10
3081	Response finalized	1	0	02/03/2020 07:10	02/03/2020 07:28	41.149.76.180	NULL	NULL	NULL	South Africa	Centurion	Internet Explorer	Windows 7
2868	Response Pending	1	0	20/02/2020 10:53	0000-00-00 00:00:00	196.21.74.47	NULL	NULL	NULL	South Africa	NULL	Internet Explorer	Windows 10
2866	Response finalized	1	0	20/02/2020 10:39	20/02/2020 10:51	196.21.74.47	NULL	NULL	NULL	South Africa	NULL	Internet Explorer	Windows 10
2861	Response Pending	1	0	20/02/2020 10:06	0000-00-00 00:00:00	197.229.7.80	NULL	NULL	NULL	South Africa	Cape Town	Google Chrome	Mac OS X Puma

APPENDIX C

QUESTIONNAIRE RESPONSE

SECTION A: BIOGRAPHICAL DETAILS OF RESPONDENTS

BIOGRAPHICAL DETAILS (A1 – A3)			
Response ID	Please indicate your gender	Your age	Indicate your highest level of education?
4177			
3922			
3921			
3418	Male	50-59 years	High School Grade 12 (Matriculation)
3370	Female	40-49 years	Postgraduate or equivalent degree
3302	Male	50-59 years	Postgraduate or equivalent degree
3298	Female	40-49 years	Undergraduate or equivalent degree
3294	Male	60 and above	High School Grade 12 (Matriculation)
3293	Male	40-49 years	Undergraduate or equivalent degree
3292	Male	30-39 years	Undergraduate or equivalent degree
3290	Female	30-39 years	Undergraduate or equivalent degree
3286	Female	30-39 years	High School Grade 12 (Matriculation)
3281	Male	30-39 years	Postgraduate or equivalent degree
3278	Male	60 and above	Postgraduate or equivalent degree
3272	Male	50-59 years	Undergraduate or equivalent degree
3270	Male	30-39 years	High School Grade 12 (Matriculation)
3269	Male	Under 30 years	Undergraduate or equivalent degree
3266	Female	30-39 years	High School Grade 12 (Matriculation)
3263	Female	50-59 years	Postgraduate or equivalent degree

3239	Female	30-39 years	High School Grade 12 (Matriculation)
3235	Female	30-39 years	Postgraduate or equivalent degree
3232	Female	40-49 years	High School Grade 12 (Matriculation)
3231	Female	40-49 years	High School Grade 12 (Matriculation)
3230	Male	50-59 years	Postgraduate or equivalent degree
3228	Male	40-49 years	High School Grade 12 (Matriculation)
3227	Female	Under 30 years	IISA (Insurance Institute of SA) accredited qualification
3226	Female	Under 30 years	High School Grade 12 (Matriculation)
3225	Female	50-59 years	High School Grade 12 (Matriculation)
3221	Female	40-49 years	High School Grade 12 (Matriculation)
3220	Female	40-49 years	Undergraduate or equivalent degree
3218	Female	30-39 years	Postgraduate or equivalent degree
3217	Female	30-39 years	Postgraduate or equivalent degree
3216	Male	40-49 years	Undergraduate or equivalent degree
3214	Female	40-49 years	Postgraduate or equivalent degree
3213	Female	40-49 years	Postgraduate or equivalent degree
3212	Female	50-59 years	Undergraduate or equivalent degree
3210	Female	60 and above	High School Grade 12 (Matriculation)
3209	Female	60 and above	High School Grade 12 (Matriculation)
3208	Female	50-59 years	High School Grade 12 (Matriculation)
3207	Female	30-39 years	IISA (Insurance Institute of SA) accredited qualification
3206	Male	40-49 years	Postgraduate or equivalent degree
3204	Male	Under 30 years	Undergraduate or equivalent degree
3203	Male	50-59 years	Postgraduate or equivalent degree
3202	Female	60 and above	No Formal qualification
3201	Female	40-49 years	Postgraduate or equivalent degree

3200	Female	40-49 years	High School Grade 12 (Matriculation)
3199	Male	30-39 years	Undergraduate or equivalent degree
3198	Male	30-39 years	Undergraduate or equivalent degree
3197	Male	30-39 years	Undergraduate or equivalent degree
3196	Male	50-59 years	Postgraduate or equivalent degree
3195	Male	30-39 years	High School Grade 12 (Matriculation)
3193	Male	30-39 years	High School Grade 12 (Matriculation)
3191	Female	Under 30 years	High School Grade 12 (Matriculation)
3190	Male	40-49 years	Undergraduate or equivalent degree
3189	Female	40-49 years	Undergraduate or equivalent degree
3188	Female	60 and above	High School Grade 12 (Matriculation)
3186	Female	30-39 years	IISA (Insurance Institute of SA) accredited qualification
3185	Female	50-59 years	Postgraduate or equivalent degree
3184	Male	30-39 years	High School Grade 12 (Matriculation)
3183	Female	40-49 years	High School Grade 12 (Matriculation)
3181	Male	30-39 years	High School Grade 12 (Matriculation)
3180	Female	50-59 years	High School Grade 12 (Matriculation)
3179	Female	40-49 years	IISA (Insurance Institute of SA) accredited qualification
3178	Female	30-39 years	High School Grade 12 (Matriculation)
3177	Female	50-59 years	High School Grade 12 (Matriculation)
3175	Female	40-49 years	High School Grade 12 (Matriculation)
3174	Male	40-49 years	Undergraduate or equivalent degree
3173	Male	30-39 years	Undergraduate or equivalent degree
3172			
3171	Male	30-39 years	Undergraduate or equivalent degree
3170	Female	Under 30 years	Postgraduate or equivalent degree

3169	Male	Under 30 years	Postgraduate or equivalent degree
3168	Female	30-39 years	Postgraduate or equivalent degree
3167	Female	30-39 years	High School Grade 12 (Matriculation)
3166	Female	30-39 years	IISA (Insurance Institute of SA) accredited qualification
3165	Female	30-39 years	IISA (Insurance Institute of SA) accredited qualification
3164	Male	30-39 years	Undergraduate or equivalent degree
3163	Female	30-39 years	IISA (Insurance Institute of SA) accredited qualification
3162	Female	30-39 years	IISA (Insurance Institute of SA) accredited qualification
3161	Female	30-39 years	High School Grade 12 (Matriculation)
3160	Male	40-49 years	IISA (Insurance Institute of SA) accredited qualification
3159	Female	40-49 years	Postgraduate or equivalent degree
3158	Male	Under 30 years	IISA (Insurance Institute of SA) accredited qualification
3157	Female	Under 30 years	High School Grade 12 (Matriculation)
3156			
3155	Male	50-59 years	High School Grade 12 (Matriculation)
3154	Female	50-59 years	High School Grade 12 (Matriculation)
3153	Female	40-49 years	IISA (Insurance Institute of SA) accredited qualification
3152			
3151	Female	30-39 years	Undergraduate or equivalent degree
3150	Female	Under 30 years	Undergraduate or equivalent degree
3149	Female	Under 30 years	Undergraduate or equivalent degree
3148	Female	30-39 years	High School Grade 12 (Matriculation)
3147	Male	Under 30 years	IISA (Insurance Institute of SA) accredited qualification
3146	Male	30-39 years	Postgraduate or equivalent degree
3145	Female	40-49 years	High School Grade 12 (Matriculation)
3141	Female	30-39 years	Undergraduate or equivalent degree

3081	Female	40-49 years	Undergraduate or equivalent degree
2868			
2866	Male	50-59 years	Postgraduate or equivalent degree
2861			

SECTION B: EMPLOYMENT HISTORY

EMPLOYMENT HISTORY (B1 – B4)				
Response ID	Years of experience in the Financial Services Industry?	What is your working position?	Which section in the company are you working in?	Who do you report to?
4177				
3922				
3921				
3418	More than 10 years	Salesperson or Administrator	Internal control	Team Leader
3370	More than 10 years	Manager and trainer and IT support	Purchase Card	Manager
3302	More than 10 years	Corporate Governance and Risk	Support Services	CEO
3298	More than 10 years	Accounts (Debtors) Administrator	Collections	Manager
3294	More than 10 years	support member assistant	sales	Manager
3293	More than 10 years	Collections	Collections	Manager
3292	More than 10 years	Salesperson or Administrator	New business	Manager
3290	Between 2-4 years	Accountant	Accounting	Supervisor
3286	More than 10 years	Verification	Internal control	Manager
3281				
3278	More than 10 years	Management	Card division	CEO
3272	More than 10 years	Salesperson or Administrator	New business	Manager

3270	More than 10 years	Salesperson or Administrator	New business	Manager
3269	Between 2-4 years	Digital Marketing Officer	Corporate Marketing	Manager
3266	More than 10 years	Salesperson or Administrator	S&T Claims, sales	Team Leader
3263	More than 10 years	Accounts (Debtors) Administrator	Accounting	Manager
3239	Between 5-10 years	Broker Administration	New business	Manager
3235				
3232	More than 10 years	Client Services Administrator	FAS	Manager
3231				
3230	Between 5-10 years	Exec management	Executive	Board
3228	More than 10 years	Salesperson or Administrator	New business	Manager
3227	Between 5-10 years	Salesperson or Administrator	New business	Team Leader
3226	Between 2-4 years	HR Admin	Support systems	Manager
3225	More than 10 years	LEGAL AGENT	LEGAL	Manager
3221	More than 10 years	Salesperson or Administrator	New business	Manager
3220	Between 5-10 years	Client Services Administrator	Internal control	Team Leader
3218	Between 2-4 years	financial Advisor	New business	Manager
3217				
3216	More than 10 years	Manager	Insurance	MD
3214	More than 10 years	Salesperson or Administrator	asset financing consultant	Manager

3213				
3212	More than 10 years	Accountant	Accounting	Manager
3210	More than 10 years	Financing Application Approvals	Quality Assurance	Team Leader
3209	More than 10 years	Financing Application Approvals	quality assurance	Team Leader
3208	More than 10 years	Financing Application Approvals	quality assurance	Team Leader
3207	More than 10 years	team leader personal underwriting	underwriting	Manager
3206	More than 10 years	Financing Application Approvals	Quality assurance	Team Leader
3204	Less than 1 year	Intern	marketing	Manager
3203	More than 10 years	Financing Application Approvals	New business	Manager
3202	More than 10 years	Salesperson or Administrator	New business	Manager
3201	More than 10 years	Support Services (HR)	HR	To an Executive that reports to the CEO
3200	Between 5-10 years	Executive Assistant	CEO & Executive Management	Manager
3199	More than 10 years	Governance and Collections	Internal control	Manager
3198				
3197				
3196	More than 10 years	Salesperson or Administrator	New business	Manager
3195	Between 5-10 years	GBA	New business	Manager

3193	Between 2-4 years	Salesperson or Administrator	New business	Team Leader
3191	Between 2-4 years			
3190				
3189	Between 5-10 years	Payroll Consultant	HR	Manager
3188	More than 10 years	Salesperson or Administrator	Internal control	Manager
3186	More than 10 years	Salesperson or Administrator	New business	Manager
3185				
3184				
3183	Between 5-10 years	Administrative Assistant	Finance	co-ordinator
3181	More than 10 years	Salesperson or Administrator	sales	Team Leader
Response ID	Years of experience in the Financial Services Industry?	What is your working position?	Which section in the company are you working in?	Who do you report to?
3180	More than 10 years	Salesperson or Administrator	New business	Team Leader
3180	More than 10 years	Salesperson or Administrator	New business	Team Leader
3179	More than 10 years	Accountant	Accounting	Manager
3178	More than 10 years	Salesperson or Administrator	Accounting	Manager
3177	Between 5-10 years	Financing Application Approvals	New business	Manager
3175	More than 10 years	Client Services Administrator	Internal control	Manager
3174	More than 10 years	Support Services	Support Services	Manager, General Manager

3173	Between 5-10 years	Human Resources	Support	Manager
3172				
3171	More than 10 years	Salesperson or Administrator	New business	Manager
3170	Between 2-4 years	Salesperson or Administrator	Accounting	Manager
3169	Between 2-4 years	Salesperson or Administrator	New business	Team Leader
3168	More than 10 years	relationship consultant	New business	Manager
3167	More than 10 years	Financing Application Approvals	New business	Team Leader
3166				
3165				
3164	More than 10 years	Salesperson or Administrator, financing manager	sales	Manager
3163	More than 10 years	PERSONAL RISK ADVISOR	INSURANCE	Team Leader
3162	More than 10 years	Team leader	New business	Manager
3161	More than 10 years	Client Services Administrator	contact centre sti claims	Team Leader
3160	More than 10 years	Personal Risk Advisor	New business	Team Leader
3159	More than 10 years	Salesperson or Administrator	New business	Manager
3158	Between 2-4 years	Client Services Administrator	S&T Claims	Team Leader
3157	Between 2-4 years	Salesperson or Administrator	New business	Team Leader
3156				

3155	More than 10 years	Financing Application Approvals	finance	Manager
3154	More than 10 years	Salesperson or Administrator	new and existing business	Manager
3153	More than 10 years	Insurance Admin Manager	All of the above	Manager
3152				
3151	More than 10 years	Salesperson or Administrator	New business	Manager
3150	Between 5-10 years	Accounts (Debtors) Administrator	Credit and Legal	Team Leader
Response ID	Years of experience in the Financial Services Industry?	What is your working position?	Which section in the company are you working in?	Who do you report to?
3149	Between 2-4 years	Accounts (Debtors) Administrator	Internal control	Team Leader
3148	More than 10 years	Client Services Administrator, member support assistant	Finance	Manager
3147	Between 2-4 years	Financing Application Approvals		Manager
3146	More than 10 years	IT	IT	Manager
3145	More than 10 years	Client Services Administrator	Internal control	Manager
3141	More than 10 years	Marketing	Internal control	Manager
3081	More than 10 years	Human Resources	Human Resources	Manager
2868				
2866	More than 10 years	MANAGER	New business	Manager

EMPLOYMENT HISTORY (B5 – B9)

Response ID	Please select yes or no: Do you work with clients?	Please select yes or no: Do you have family members working in the same department as you?	Please select yes or no: Does the department have an internal control unit?	Please select yes or no: Does the scope of the internal control unit require the management support?	Please select yes or no: Have you ever been summoned to a disciplinary hearing?	If yes, please briefly explain why
4177						
3922						
3921						
3418	Yes	No	Yes	Yes	No	
3370	Yes	No	No	No	No	
3302	Yes	No	Yes	Yes	Yes	Non-Compliance to internal policies and good business practises
3298	Yes	No	Yes	Yes	No	
3294	Yes	No	No	No	No	
3293	No	No	No	Yes	No	
3292	No	No		Yes	No	
3290	Yes	No	Yes	No	No	
3286	No	No	Yes	Yes	No	
3281						
3278	No	No	No	No	No	
3272	Yes	No	Yes	Yes	Yes	
3270	No	No	No	No	No	
3269	Yes	No	Yes	Yes	No	
3266	Yes	No	Yes	No	No	
3263	No	No	No	No	No	
3239	Yes	No	Yes	Yes	No	
3235						
3232	Yes	No	No	No	No	
3231						

3230	Yes	No	Yes	Yes	No	
3228	Yes	No	No	No	No	sell lemas brand and generate more lead
3227	Yes	No	No	No	Yes	performance
3226	Yes	No	Yes	Yes	No	
3225	Yes	No	Yes	Yes	No	
3221	Yes	No	No	No	No	
3220	Yes	No	No	No	Yes	
3218	Yes	No	Yes	No	No	
3217						
3216	No	No	Yes	Yes	No	
3214	Yes	No	Yes	Yes	No	
3213						
3212	No	No	No	No	No	
3210	No	No	Yes	Yes	No	
3209	No	No	Yes	Yes	No	
3208	No	No	Yes	Yes	No	
3207	Yes	No	Yes	Yes	No	
3206	No	No	Yes	Yes	No	
3204	No	No	No	Yes	No	
3203	No	No	Yes	Yes	No	
3202	Yes	No	Yes	Yes	No	
3201	No	No	No	No	No	
3200	No	No	No	No	No	
3199	Yes	No	Yes	Yes	No	
3198						
3197						
3196	Yes	No	Yes	No	No	
3195	Yes	No	Yes	Yes	No	
3193	Yes	No	No	No	No	

3191	Yes	No				
3190						
3189	Yes	No	Yes	Yes	No	
3188	Yes	No	Yes	Yes	No	
3186	Yes	No	Yes	Yes	No	
3185						
3184						
3183	Yes	No			No	
3181	Yes	No	Yes	Yes	No	
3180	Yes	No	Yes	Yes	No	
3179	Yes	No	No	No	No	
3178	Yes	No	No	Yes	No	
3177	Yes	No	No	No	No	
3175	Yes	No	No	No	No	
3174	No	No	Yes	Yes	No	
3173	Yes	No	Yes	Yes	No	
3172						
3171	Yes	No	Yes	Yes	No	
3170	Yes	No	No	No	No	
3169	Yes	No	Yes	Yes	No	
3168	Yes	No	No	No	No	
3167	Yes	No	No	Yes	No	
3166						
3165						
3164	Yes	No	Yes	Yes	No	
3163	Yes	No	No	No	No	
3162	Yes	No	No	Yes	No	
3161	Yes	No	Yes	Yes	No	
3160	Yes	No	No	No	No	
3159	Yes	No	No	No	No	

3158	Yes	No	Yes	Yes	No	
3157	Yes	No	No	No	No	
3156						
3155	No	No	Yes	Yes	No	
3154	Yes	No	Yes	Yes	No	
3153	Yes	No	Yes	Yes	No	
3152						
3151	Yes	No	Yes	Yes	No	
3150	Yes	No			No	
3149	Yes	No	Yes	Yes	No	
3148	Yes	No	No	No	No	I am at the front office. I see to walk in clients and take switchboard calls
3147	Yes	No			No	
3146	Yes	No	Yes	No	No	
3145	Yes	No	Yes	Yes	No	Member Support, internal control to ensure high class member service
3141	No	No	Yes	Yes	No	
3081	No	No	No	No	No	
2868						
2866	Yes	No	Yes	Yes	No	
2861						

SECTION C. STAFF INVOLVEMENT IN COMPANY POLICIES

Table 5.3 Cronbach's Alpha analysis of staff involvement in company policies.

No of respondents	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	Total
1	3	1	1	2	4	3	3	4	3	3	4	1	4	1	1	4	5	5	5	1	1	4	3	66
2	3	4	4	4	4	2	2	2	2	3	4	2	4	2	4	5	5	4	5	3	3	4	3	79
3	3	4	4	5	5	4	5	4	5	1	5	2	2	4	4	4	5	5	5	4	4	5	4	95
4	3	3	3	4	4	4	3	3	4	3	4	4	3	4	4	4	4	4	4	3	2	3	2	80
5	3	2	2	3	2	2	4	1	4	4	4	3	4	2	2	4	4	4	4	3	3	3	2	70
6	3	1	1	2	3	3	3	3	3	2	2	3												29
7	3	3	2	2	3	4	3	2	3	3	2	4	4	2	2	3	3	3	4	4	3	3	3	68
8	3	1	3	3	3	4	1	1	3	1	4	3	1	3	2	4	4	5	5	2	3	4	3	66
9	3	2	4	4	4	4	4	4	4	2	4	4	4	3	3	4	5	5	5	3	2	4	3	83
10	3	5	5	5	5	5	5	5	5	1	5	5	1	5	5	5	5	5	5	1	1	5	5	95
11	3	3	1	1	2	4	4	1	3	3	4	3	1	4	3	4	4	4	3	4		4	3	67

12	3 2 6 6	5	5	5	5	5	5	5	5	5	1	5	5	5	5	1	5	5	5	5	5	5	1	5	5	103
13	3 2 6 3	4	4	3	3	3	3	4	3	4	3	3	4	3	3	4	5	5	5	5	4	4	3	4	86	
14	3 2 3 9	3	5	5	4	5	5	4	4	2	4	4	1	5	4	3	5	5	5	5	5	3			86	
15	3 2 3 2	5	5	5	5	5	5	5	5	1	5	5	2	4	5		5	5	5	5	5	5	5	5	102	
16	3 2 3 0	3	4	4	4	5	4	2	4	2	5	4	2	2	2	3	4	5	5	5	3	3	5	4	84	
17	3 2 2 8	3	2	4	5	5	5	4	5	1	5	5	4	5	5	5	5	4	5	4	2	3	3	5	94	
18	3 2 2 7	4	4	5	5	5	5	2	5	1	5	5	3	5	4	4	5	5	5	5	5	5	5	5	102	
19	3 2 2 6	2	2	3	4	5	3	2	3	2	5	5	2	3	2	4	4	4	4	4	4	2	4	4	77	
20	3 2 2 5	1	1	2	2	5	5	2	3	1	5	5	1	1	3	3	5	5	5	5	5	5	3	2	73	
21	3 2 2 0	1	2	4	5	4	3	3	2	4	4	5	2												39	
22	3 2 1 8	5	5	5	5	5	5	4	4	1	4	3	3	3	3	3	4	4	4	3	4	3	3	3	86	
23	3 2 1 6	2	4	5	5	5	5	4	5	2	5	5	2	3	4	4	4	5	4	5	4	2	5	3	92	
24	3 2 1 2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	4	4	4	4	4	3	3	74	
25	3 2 1 0	4	4	4	4	4	4	4	4	2	4	4	2	4	4	3	5	5	5	5	4	4	4	4	91	
26	3 2	4	4	4	4	4	2	4	4	2	4	4	2	4	4	3	5	5	5	4	4	4	4	4	88	

41	3 1 8 3	5	3	4	3	5	4	3	4	1	4	4	3	4	4	3	3	4	4	4	3	3	4	4	83	
42	3 1 8 1	3	3	1	3	4	2		1	3	4	4	3	5	3	1	5	5	5	4	3	3	4	4	73	
43	3 1 8 0	1	1	1	4	3	3	1	3	3	4	4	4	5	4	3	5	5	5	5	5	5	3	5	5	82
44	3 1 7 9	5	3	4	4	4	5	4	4	1	5	5	4	5	2	3	4	4	4	4	1	1	4	3	83	
45	3 1 7 8	1	2	2	4	4	4	4	3	3	3	3	3	4	3	4	4	4	4	4	3	4	3	3	76	
46	3 1 7 7	5	5	5	5	5	5	1	1	5	5	5	5	5	1	1	5	5	5	5	1	1	5	5	91	
47	3 1 7 5	1	1	2	3	3	2	2	2	1	3	2	3	3	3	3	3	4	4	4	1	3	4	3	60	
48	3 1 7 4	2	2	2	4	3	2	2	4	5	5	5	1	3	4	4	4	4	5	5	4	3	4	2	4	79
49	3 1 7 3	2	2	4	4	4	4	2	4	2	4	4	2	2	3	4	4	4	4	4	2	4	4	4	77	
50	3 1 7 1	1	1	3	3	4	4	3	3	2	5	3	3	4	3	4	4	4	4	3	3	3	4	3	74	
51	3 1 7 0	3	4	5	5	5	4	2	4	2	5	5	2	5	5	5	5	5	4	5	4	4	5	5	98	
52	3 1 6 9	2	2	3	3	3	3	3	2	4	4	4	4	5	3	3	5	5	5	5	5	5	5	4	2	84
53	3 1 6 8	1	1	1	2	3	3	1	2	3	3	4	5	5	1	1	4	4	4	4	5	3	4	3	67	
54	3 1 6 7	1	1	1	1	4	1	1	2	4	1	1	4												22	
55	3 1	2	2	2	5	3	4	4	3	2	5	3	3	4	4	3	5	5	5	5	3	2	4	3	81	

70	3 1 4 5	2	3	4	4	4	4	2	4	1	4	3	1	4	4	4	4	4	4	4	2	3	4	4	77
71	3 1 4 1	1	3	2	5	5	5	5	4	4	5	5	3	3	4	4	5	5	5	4	4	4	3	2	90
72	3 0 8 1	2	4	5	5	5	4	4	3	1	5	5	2	5	1	2	5	5	5	5	2	2	5	3	85
73	2 8 6 6	3	2	1	5	3	2	4	3	4	4	4	5	2	3	4	5	4	5	4	5	3	4	2	81
	2 . 0 0	1. 9 0	1. 8 9	1. 1 9	1. 0 4	1. 3 0	1. 5 8	1.1 3	1 . 4 8		0.96	0.96	1.76	1.33	1.53	1.13	0.77	0.65	0.76	0.56	1.76	1.42	0.81	0.97	2 3 0

SECTION E. BARRIERS TO POLICY COMPLIANCE

Table 5.4 Cronbach's Alpha analysis of the Barriers to policy compliance

	Response Id.	E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	
1	3370	1	1	1	1	1	1	1	4	2	4	3	20
2	3302	1	2	4	2	2	2	2	2	2	2	2	23
3	3298	2	1	1	4	2	2	1	2	4	1	2	22
4	3294	3	3	2	4	4	2	2	3	3	4	4	34
5	3293	3	3	3	3	3	3	3	3	3	3	3	33
6	3290	3	2	4	3	2	3	2	3	3	3	3	31
7	3286	4	4	5	4	4	5	3	3	3	4	4	43
8	3278	2	2	4	2	2	1	1	4	3	3	4	28
9	3270	5	1	1	1	1	1	1	1	1	1	1	15
10	3269	1	2	4	4	3	4	4	4	3	4	3	36
11	3263	4	4	4	5	3	4	3	5	4	3	4	43
12	3239	4	5	1	2	1	3	1	3	1	2	3	26
13	3232	5	1	1	5	5	1	1	1	4	1	1	26
14	3230	3	2	1	2	4	2	1	2	4	4	2	27
15	3228	2	4	2	3	3	5	2	4	2	3	3	33
16	3227	4	2	4	2	2	3	2	2	2	2	2	27
17	3226	4	2	1	3	1	3	1	2	2	1	2	22
18	3225	5	4	2	2	2	4	2	4	4	2	1	32
19	3216	4	4	1	2	2	2	1	2	3	2	1	24
20	3212	3	3	3	3	3	3	3	3	3	3	3	33
21	3210	5	2	2	2	2	4	1	1	1	4	2	26
22	3209	5	2	2	2	2	4	1	1	1	4	2	26
23	3208	5	2	2	5	2	4	1	1	1	4	2	29
24	3207	3	4	3	3	3		3	3	3	3	3	31
25	3206	4	2	2	2	2	4	1	2	2	4	2	27
26	3204	5	5	2	3	3	3	1	3	5	5	2	37
27	3203	1	1	1	1	5	1	1	1	1	1	1	15
28	3202	3	1	1	5	5	5	5	1	1	1	5	33
29	3201	3	3	3	2	2	2	2	2	1	4	3	27
30	3200	2	4	4	4	4	4	2	4	4	4	4	40
31	3199	4	5	4	3	3	3	3	3	4	3	5	40
32	3196	2	3	2	2	5	4	1	2	2	3	3	29
33	3193	3	2	2	2	2	2	2	3	3	2	2	25

34	3189	2	2	1	1			1	1	2	2	1	13
35	3188	2	4	4	3	3	3	2	2	4	4	4	35
36	3186	4	4	4	4	4	4	4	4	4	4	4	44
37	3183	4	4	4	4	4	4	3		4	3	4	38
38	3181	4	3	3	4	5	3	1	3	5	3	3	37
39	3180	5	5	4	4	5	5	1	5	1	1	5	41
40	3179	4	3	2	3	2	1	1	2	2	2	2	24
41	3178	4	4	4	4	4	4	1	3	3	3	4	38
42	3177	5	5	5	1	5	1	1	1	1	5	1	31
43	3175	5	4	5	3	2	3	2	2	3	1	5	35
44	3174	4	4	4	4	4	4	1	4	1	4	4	38
45	3173	3	2	2	2	2	2	2	2	2	2	2	23
46	3171	3	3	3	3	3	3	3	3	3	3	3	33
47	3170	3	2	1	1	4	4	1	3	3	1	1	24
48	3169	3	3	5	5	3	4	2	3	4	3	3	38
49	3168	5	3	5	3	3	5	4	4	2	3	5	42
50	3164	2	2	2	2	2	2	4	3		2	2	23
51	3163	5	3	3	5	5	3	3	3	5	3	5	43
52	3162	2	4	4	4	4	4	2	3	2	3	2	34
53	3161	5	5	1	1	1	5	1	1	1	1	1	23
54	3160	5	1	2	4	5	5	5	5	5	4	5	46
55	3159	5	2	5	2	2	2	1	4	2	2	3	30
56	3158	2	3	3	3	3	3	5	3	3	4	3	35
57	3154	5	4	1	5	1	5	1	5	1	2	5	35
58	3153	1	2	2	5	2	2	2	2	2	2	2	24
59	3147	1	1	1	5	1	1	1	1	1	1	1	15
60	3146	3	3	3	3	3	3	3	3	3	3	3	33
61	3145	3	3	2	2	2	3	2	2	2	2	2	25
62	3141	3	4	4	4	4	4	2	4	3	4	4	40
63	3081	3	2	2	2	3	3	1	4	3	2	2	27
64	2866	4	5	4	4	2	3	4	5	3	3	5	42
		1.61	1.48	1.76	1.52	1.51	1.47	1.34	1.39	1.41	1.25	1.62	61

SECTION F. PERSONAL ETHICS

**Table 5.5 Cronbach's Alpha analysis of the Office Administrator
Personal ethics**

		F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	
1	4177	1	1	3	3	3	1	3	1	4	4	4	4	32
2	3922	2	1	3	1	1	1	3	2	3	3	4	3	27
3	3418	3	3	4	3	3	3	3	3	4	4	4	4	41
4	3370	1	1	4	1	1	1	4	2	2	3	4	4	28
5	3298	1	2	4	1	2	2	2	3	3	3	3	3	29
6	3294	1	2	3	2	1	1	4	1	4	4	4	4	31
7	3292	1	1	3	1	2	1	3	1	4	3	4	4	28
8	3286	1	1	4	1	1	1	4	1	4	1	4	4	27
9	3281	1	2	3	3	1	2	2	3	4	4	4	4	33
10	3272	1	1	3	4	2	2	3	4	4	4	4	4	36
11	3270	3	4	4	4	3	3	4	3	4	3	4	4	43
12	3266	1	1	4	1	1	1	4	3	2	3	4	4	29
13	3239	1	1	4	1	1	1	4	1	4	4	4	3	29
14	3235	1	1	4	2	2	1	3		4	4	4	3	29
15	3232	1	1	4	1	1	1	4	2	4	4	4	4	31
16	3231	1	1	3	2	1	1	4	2	4	3	4	3	29
17	3230	2	2	3	3	3	2	4	3	4	3	4	3	36
18	3221	1	1	3	1	2	1	4	2	4	4	4	4	31
19	3217	4	3	4	4	4	1	4	4	3	4	4	4	43
20	3216	2	2	3	2	2	2	2	3	4	3	4	4	33
21	3214	2	2	3	2	2	2	2	3	4	3	4	4	33

22	3213	2	2	3	2	2	2	2	3	4	3	4	4	33
23	3212	1	4	4	1	1	1	4	1	3	4	4	4	32
24	3210	2	2	3	2	2	2	2	3	4	4	4	4	34
25	3209	2	1	4	2	2	1	1	3	4	3	4	4	31
26	3208	1	1	4	1	4	1	4	2	4	4	4	3	33
27	3207	1	1	4	1	1	1	3	1	1	4	4	2	24
28	3206	2	2	3	2	2	2	4	3	4	3	3	3	33
29	3204	1	1	3	3	1	1	4	2	4	4	4	4	32
30	3203	1	1	3	3	1	1	3	1	4	3	4	2	27
31	3200	1	1	4	1	1	1	4	1	4	4	4	3	29
32	3198	1	1	3	1	1	1	3	1	4	4	4	4	28
33	3195	1	1	4	1	1	1	4	1	4	4	4	4	30
34	3193	1	2	4	1	2	1	3	1	3	4	4	4	30
35	3191	1	1	4	1	1	1	3	1	4	4	4	4	29
36	3188	1	1	4	2	2	2	4	3	4	4	4	4	35
37	3186	1	1	3	1	1	1	4	1	4	4	4	4	29
38	3185	1	1	4	1	1	1	4	1	4	4	4	4	30
39	3184	1	1	3	4	2	1	4	1	4	4	4	4	33
40	3183	1	2	3	3	3	3	3	2	4	3	4	3	34
41	3181	1	1	4	4	4	1	4	1	4	4	4	4	36
42	3180	1	1	3	3	1	1	4	2	4	4	4	4	32
43	3179	1	1	4	1	3	1	4	2	3	3	4	1	28
44	3178	1	1	4	1	1		4	1	4	4	3	4	28
45	3175	1	3	3	1	1	1	3	2	4	4	4	4	31
46	3174	1	1	4	1	2	1	4	2	4	4	4	4	32
47	3173	1	2	3	1	1	1	1	1	3	3	3	1	21

48	3172	2	1	3	2	1	1	3	1	4	4	4	4	30
49	3168	1	2	4	2	1	2	4	2	4	4	4	4	34
50	3167	1	1	2	3	1	1	4	2	4	4	4	4	31
51	3166	1	1	4	1	1	1	4	1	4	4	4	4	30
52	3165	1	1	3	1	2	1	4	3	4	4	4	4	32
53	3164	1	1	4	1	2	1	3	3	4	4	4	4	32
54	3163	1	1	3	2	2	1	4	1	4	4	4	4	31
55	3162	1	1	3	3	4	1	4	3	1	4	4	4	33
56	3158	1	1	3	2	1	1	3	1	4	3	4	4	28
57	3157	1	1	3	3	3	3	3	2	4	4	4	4	35
58	3156	1												1
59	3151	1	1	4	1	1	1	4	1	4	4	4	4	30
60	3150	1	1	4	3	1	1	4	2	2	2	4	4	29
61	3149	1	1	4	2	1	1	4	2	4	4	4	4	32
62	3148	1	1	4	3	2	1	3	3	3	3	4	3	31
63	3147	1	1	4	1	1	1	3	2	4	3	4	4	29
64	3145	2	3	2	4	3	2	3	4	2	3	3	3	34
		0.35	0.56	0.31	1.04	0.82	0.35	0.62	0.85	0.54	0.37	0.07	0.48	27.6

Response ID	Please select the applicable: Have you ever been influenced by a client's race when making a decision? F11	Please select the applicable: Have you ever questioned your personal ethics? F12	If Usually or Always, please briefly explain why
4177			
3922			
3921			
3418			
3370	Never	Never	
3302	Never	Sometimes	
3298			
3294	Never	Never	
3293	Never	Never	
3292			
3290	Sometimes	Sometimes	
3286	Never	Never	
3281			
3278	Never	Never	
3272			
3270	Never	Never	
3269	Never	Never	
3266			
3263	Never	Never	
3239	Never	Never	
3235			
3232	Never	Never	
3231			
3230	Never	Sometimes	
3228	Never	Sometimes	

3227	Never	Never	
3226	Never	Sometimes	
3225	Never	Sometimes	
3221			
3220			
3218			
3217			
3216	Never	Never	
3214			
3213			
3212	Never	Never	
3210	Never	Never	
3209	Never	Never	
3208	Never	Never	
3207	Never	Never	
3206	Never	Never	
3204	Never	Never	
3203	Never	Sometimes	
3202	Never	Usually	be fair to my employer and clients
3201	Sometimes	Sometimes	
3200	Never	Never	
3199	Never	Usually	I think self- assessment is important, generally and included in my job role.
3198			
3197			
3196	Never	Sometimes	

3195			
3193	Never	Never	
3191			
3190			
3189	Never	Never	
3188	Never	Never	
3186	Never	Never	
3185			
3184			
3183	Never	Never	
3181	Never	Never	
3180	Never	Never	
3179	Never	Never	
3178	Never	Sometimes	
3177	Never	Never	
3175	Never	Never	
3174	Never	Always	
3173	Sometimes	Never	
3172			
3171	Never	Never	
3170	Never	Never	
3169	Sometimes	Always	
3168	Never	Never	
3167			
3166			
3165			

3164	Never	Never	
3163	Never	Never	
3162	Never	Never	
3161	Never	Never	
3160	Never	Never	
3159	Never	Never	
3158	Never	Never	
3157			
3156			
3155			
3154	Never	Never	
3153	Never	Never	
3152			
3151			
3150			
3149			
3148			
3147	Never	Never	
3146	Never	Never	
3145	Never	Never	
3141	Never	Sometimes	
3081	Never	Never	
2868			
2866	Sometimes	Sometimes	
2861			

SECTION G ORGANIZATIONAL ETHICS

Table 5.6 Cronbach's Alpha analysis measuring the Organizational ethics

	Response ID	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10	
1	3370	1	1	3	3	2	2	3	1	2	3	21
2	3302	2	3	2	1	3	1	2	2	4	1	21
3	3294	1	3	3	1	2	1	2	2	2	1	18
4	3293	3	4	2	4	4	3	2	2	3	2	29
5	3290	2	4	3	3	3	2	2	2	4	3	28
6	3286	1	2	2	2	2	2	2	1	4	4	22
7	3278	1	3	1	1	1	1	1	2	4	1	16
8	3270	1	4	1	1	1	1	1	1	1	1	13
9	3269	1	3	1	1	4	2	2	2	4	1	21
10	3263	1	3	2	1	2	2	2	2	4	1	20
11	3239	1	1	1	2		3	3	3	3	3	20
12	3232	1	1	1	1	1	1	1	1	1	1	10
13	3230	1	3	1	1	1	1	1	1	4	1	15
14	3227	4	4	2	2	2	1	1	4	4	1	25
15	3226	1	4	2	1	3	1	1	1	4	1	19
16	3225	2	3	3	3	3	2	2	2	3	1	24
17	3216	1	3	2	1	1	1	2	2	2	1	16
18	3212	4	1	4	4	4	4	4	4	4	4	37
19	3210	1	2	2	1	3	2	2	2	4	2	21
20	3209	1	2	2	1	3	2	2	2	4	2	21
21	3208	1	2	33	2	3	2	2	3	4	2	54
22	3207	1	4	1	1	3	1	2	1	4	1	19
23	3206	1	2	2	2	3	2	2	2	4	2	22

24	3204	2	3	2	4	4	2	2	2	4	3	28
25	3203	1	1	1	1	1	1	1	1	4	1	13
26	3202	1	1	1	1	1	1	1	1	4	3	15
27	3201	3	3	2	2	4	2	2	2	4	3	27
28	3200	1	4	2	4	3	1	2	2	4	4	27
29	3199	2	3									5
30	3196	1	3	2	2	1	1	3	1	4	2	20
31	3195					1						1
32	3193	1	3	1	1	1	1	1	1	4	1	15
33	3189	1	2	1	1		1	1	1	4	4	16
34	3188	1	3	2	1	1	3	2	1	4	1	19
35	3186	1	1	1	1	1	1	1	1	1	1	10
36	3183	1	4	2	2							9
37	3181	1	4	1	1	4	1	1	2	4	1	20
38	3180	1	3	1	1	4	1	2	1	4	4	22
39	3179	1	3	1	1	3	2	1	1	4	1	18
40	3178	2	3	3	1	3	1	2	2	4	2	23
41	3177	1	4	1	1	1	1	1	1	4	1	16
42	3175	1	4	1	2	4	2	2	2	4	4	26
43	3174	4	4	3	4	4	4	3	3		4	33
44	3173	1	1	1	1	1	1	1	1	4	1	13
45	3172										2	2
46	3171	2	4	2	1	1	1	2	1	2	1	17
47	3170	1	2	1	1	1	1	1	1	1	1	11
48	3169	1	4	3	1	4	1	2	1	4	4	25
49	3168	1	3	3	1	4	3	3	2	2	4	26

50	3164	1	3	1	1	3	1	1	1	4	2	18
51	3163	1	4	4	1	1	1	2		1	4	19
52	3162	4	4	2	2	4	3	3	2	3	4	31
53	3161	1	4	1	1	1	1	3	1	4	1	18
54	3160	4	4	3	1	4	1	3	3	3	3	29
55	3159	1	4	1	1	4	1	1	1	4	3	21
56	3158	3	3	4	3	3	3	2	3	2	3	29
57	3154	1	1	1	1	1	1	1	1	4	1	13
58	3153	1	3	3	1	3	1	2	1	2	1	18
59	3147	1		2	2	3	2	2	2	4	2	20
60	3146	1	4	3	4	4	1	2	2		4	25
61	3145	2	3	2	1		3	2	2	4	3	22
62	3141	2	3									5
63	3081	3	3	2	1	4	2	2	3	3	4	27
64	2866	1	4									5
		0.86	1.04	16.89	0.98	1.50	0.68	0.51	0.62	1.02	1.46	71.5

APPENDIX D QUESTIONNAIRE RESPONSE ANALYSIS

SECTION A BIOGRAPHIC DETAILS

A1. Gender	Male	Female
	39.68%	60.32%

A2. Age range	Under 30 years	30-39 years	40-49 years	50-59 years	60 and above
	12.7%	31.75%	26.98%	19.5%	9.52%

A3. Indicate your highest level of education?	
No Formal qualification	1.59%
High School Grade 12 (Matriculation)	34.94%
IISA (Insurance Institute of SA) accredited qualification	15.67%
Undergraduate or equivalent degree	22.22%
Postgraduate or equivalent degree	25.4%

SECTION B EMPLOYEMENT HISTORY

B1. Years of experience in the Financial Services Industry?	0 – 1 year	2-4 years	5-10years	More than 10 years
	1.59%	4.29%	12.7%	71.43%

B2. What is your working	Salesperson or Administrator	Accounts (Debtors) Administrator	Financing Application Approvals	Client Services Administrator	Broker Administration

position?					
	53.33%	3.33%	23.33%	16.67%	3.33%

B3. Which section in the company are you working in?	New business	Accounting	Internal control	S&T Claims
	58.06%	19.35%	19.35%	3.23%
B4. Who do you report to?	Supervisor	Team Leader	Manager	
	1.75%	22.81%	75.44%	

	YES	NO
B5. Do you work with clients?	28.6%	71.4%
B6. Do you have family members working in the same department as you?	0%	100%
B7. Have you ever been summoned to a disciplinary hearing?	3.2%	96.8%
B8. Does the department have an internal control unit?	39.3%	60.7%
B9. Does the scope of the internal control unit require the management support?	39.3%	60.7%

SECTION C STAFF INVOLVEMENT IN COMPANY POLICIES

	Strongly agree	Agree	Don't know	Disagree	Strongly disagree
C1. All our staff is involved in policy formulation	19.4%	19.4%	19.4%	24.2%	17.7%
C2. Staff contributions in policy formulation is considered	19.4%	29%	17.7%	21%	12.9%
C3. Staff members are trained on Policy content	30.2%	25.4%	15.9%	20.6%	7.9%
C4. Policies are relevant for our functional areas	34.9%	33.3%	20.6%	9.5%	1.7%
C5. Policies documents are easily available	34.9%	33.3%	23.8%	4.8%	3.2%
C6. Staff members generally comply to policies	23.8%	36.5%	25.4%	12.7%	1.6%
C7. Staff members challenge the practicality of some policies	12.9%	35.5%	19.4%	19.3%	12.9%
C8. Staff members understand the content of policies	14.3%	41.3%	31.7%	7.9%	4.8%
C9. Staff members ignore policies	6.3%	12.7%	28.6%	28.6%	6.3%
C10. Policies are used to facilitate compliance	38.1%	42.9%	17.5%	0%	1.5%
C11. Policies are used to regulate behaviour	34.9%	41.3%	20.6%	3.2%	0%
C12. Policies are drafted to fulfil administrative requirements only	11.1%	11.1%	23.8%	28.6%	25.4%

C13. Policies are strictly adhered to in financing applications	22.2%	36.5%	25.5%	9.5%	6.3%	
C14. Our company policies are open to interpretation	12.7%	36.5%	25.4%	15.9%	9.5%	
C15. Staff members are creative in the interpretation of policies in order to meet operational targets.	8.1%	37.1%	35.5%	11.3%	8.1%	
C16. Managers must know all company policies	49.2%	39.7%	6.3%	1.6%	3.2%	
C17. Managers must set the example in policy adherence in the workplace	57.1%	36.5%	3.2%	0%	3.2%	
C18. Managers must receive regular updates on the practicality and relevance of policies	57.1%	33.3%	4.8%	1.6%	3.2%	
C19. Managers must act immediately when policies are infringed	51.6%	38.7%	8.1%	0%	1.6%	
C20. Managers use policies as punitive threats	17.7%	27.4%	25.8%	12.9%	16.1%	
C21. Managers apply policies selectively	9.7%	25.8%	32.3%	21%	11.3%	
C22. Policies contribute to a compliant workforce	30.6%	45.2%	19.4%	4.8%	0%	
C23. Policies impact positively to staff moral	22.6%	32.3%	35.5%	9.7%	0%	

Policies and the Employee?	YES	NO	N/A
C24. Have you contributed to policy content?	42.86%	39.68%	17.46%
C25. Have you read all the policy documents? related to you work designation	90.4%	6.35%	3.17%
C26. Do you understand the policy content?	87.3%	9.52%	3.17%
C27. Did you receive training on policy content?	48.39%	43.39%	3.23%
C28. Did you ever request policy training?	32.26%	46.77%	20.97%
C29. Are policies available in a language that you understand?	90.48%	9.52%	0%
C30. Are summaries of policies publicly displayed in your workplace?	46.03%	49.21%	4.76%
C31. Were you ever found guilty of not complying to a policy?	1.59%	98.41%	0%
C32. Did you ever acknowledge receipt of policies in your workplace?	83.87%	9.68%	6.45%
C33. Do policies improve internal controls?	87.1%	4.84%	8.06%

SECTION D THE BENEFITS OF POLICIES IN YOUR WORKPLACE

	A lot	Quite	Moderate	Little	Very little
D1. Helps to regulate work processes	50%	32.3%	17.7%	0%	0%
D2. Improves integrity and reliability	50%	30.6%	17.7%	1.6%	0%
D3. Increases operational efficiency	40.3%	37.1%	17.7%	3.2%	1.6%
D4. Establishes individual vigilance	41.9%	35.5%	19.4%	3.2%	0%
D5. Solidifies the integrity of decisions	45.2%	32.3%	17.7%	4.8%	0%

D6. Increases the authenticity of Data	37.1%	33.9%	22.6%	4.8%	1.6%
D7. Decreases the potential for fraud	50%	29%	17.7%	1.6%	1.6%
D8. Ensures equity in the application of rules	50%	25.8%	21%	1.6%	1.6%
D9. Ensures consistency in management decisions	48.4%	30.6%	19.4%	1.6%	0%
D10. Improves client satisfaction	35.5%	22.6%	37.1%	4.8%	0%

SECTION E BARRIERS TO POLICY COMPLIANCE

	Strongly agree	Agree	Don't know	Disagree	Strongly disagree
E1. No staff participation in drafting policies	25.8%	24.2%	27.4%	12.9%	9.7%
E2. Lack of interest by staff	11.3%	24.2%	22.6%	30.6%	11.3%
E3. No staff training on policy content	9.7%	27.4%	14.5%	25.8%	22.6%
E4. Policies drafted in legal terminology	14.55	22.6%	22.6%	29%	11.3%
E5. Policies not written in staff vernacular	14.8%	18%	23%	32.8%	11.5%
E6. Policies seen as punitive documents	11.7%	28.3%	30%	16.7%	13.3%
E7. Policies not available to staff	4.8%	8.1%	16.1%	25.8%	45.2%
E8. Policies are cumbersome documents	8.2%	18%	32.8%	23%	18%
E9. Policies not meeting individual agendas	6.6%	16.4%	31.1%	23%	23%
E10. Relevance of policies not understood	3.2%	27.4%	29%	24.2%	16.1%
E11. Policies are archived and not promoted	14.5%	17.7%	24.2%	27.4%	16.1%

SECTION F (PERSONAL ETHICS)

	Never	Sometimes	Usually	Always
F1. Do you maintain confidentiality?	1.6%	3.2%	14.5%	80.6%
F2. Do you say no to inappropriate appeals?	3.2%	6.5%	19.4%	71%
F3. Do you discuss client information with other staff members?	50%	46.8%	3.2%	0%
F4. Are you skilled in avoiding conflict of interest?	9.7%	21%	22.6%	46.8%
F5. Do you maintain copyright laws?	6.5%	12.9%	29%	51.6%
F6. Are you honest when sharing information?	0%	6.6%	19.7%	73.8%
F7. Do you ever favour clients?	56.5%	30.6%	9.7%	3.2%
F8. Do you speak out when someone acts unethically?	4.8%	27.4%	29%	38.7%
F9. Have you executed an instruction knowing that it was unethical?	77.4%	12.9%	6.5%	3.2%
F10. Have you ever been bias in your decision making?	62.9%	33.9%	1.6%	1.6%
F11. Have you ever been influenced by a client's race when making a decision?	91.9%	8.1%	0%	0%
F12. Have you ever questioned your personal ethics?	75.8%	17.7%	3.2%	3.2%

SECTION G (ORGANIZATIONAL ETHICS)

	Never (NO)	Sometimes	Usually	Always (YES)
G1. Does your organization have an ethics policy?	8.1%	6.5%	14.5%	71%
G2. Does your organization reward good ethical behaviour?	35.5%	38.7%	11.3%	14.55
G3. Do you regard the leaders of your organization to be ethical?	6.5%	19.4%	35.55	38.7%
G4. Do employees sign a Code of Ethical Behaviour?	9.7%	8.1%	17.7%	64.5%
G5. Does your organization offer training in ethics?	29.3%	29.3%	8.6%	32.8%
G6. Does your organization's policies encourage ethical behaviour?	3.3%	13.1%	27.9%	55.7%
G7. Do your work colleagues act ethically?	1.6%	14.8%	50.8%	32.8%
G8. Are the ethical demands of your organization realistic?	3.3%	10%	40%	46.7%
G9. Has your superiors ever encouraged unethical behaviour?	66.1%	11.9%	13.6%	8.5%
G10. Is your organization's code of ethics visible for all staff to see?	21.3%	18%	16.4%	44.3%