GIBS ETHICS BAROMETER

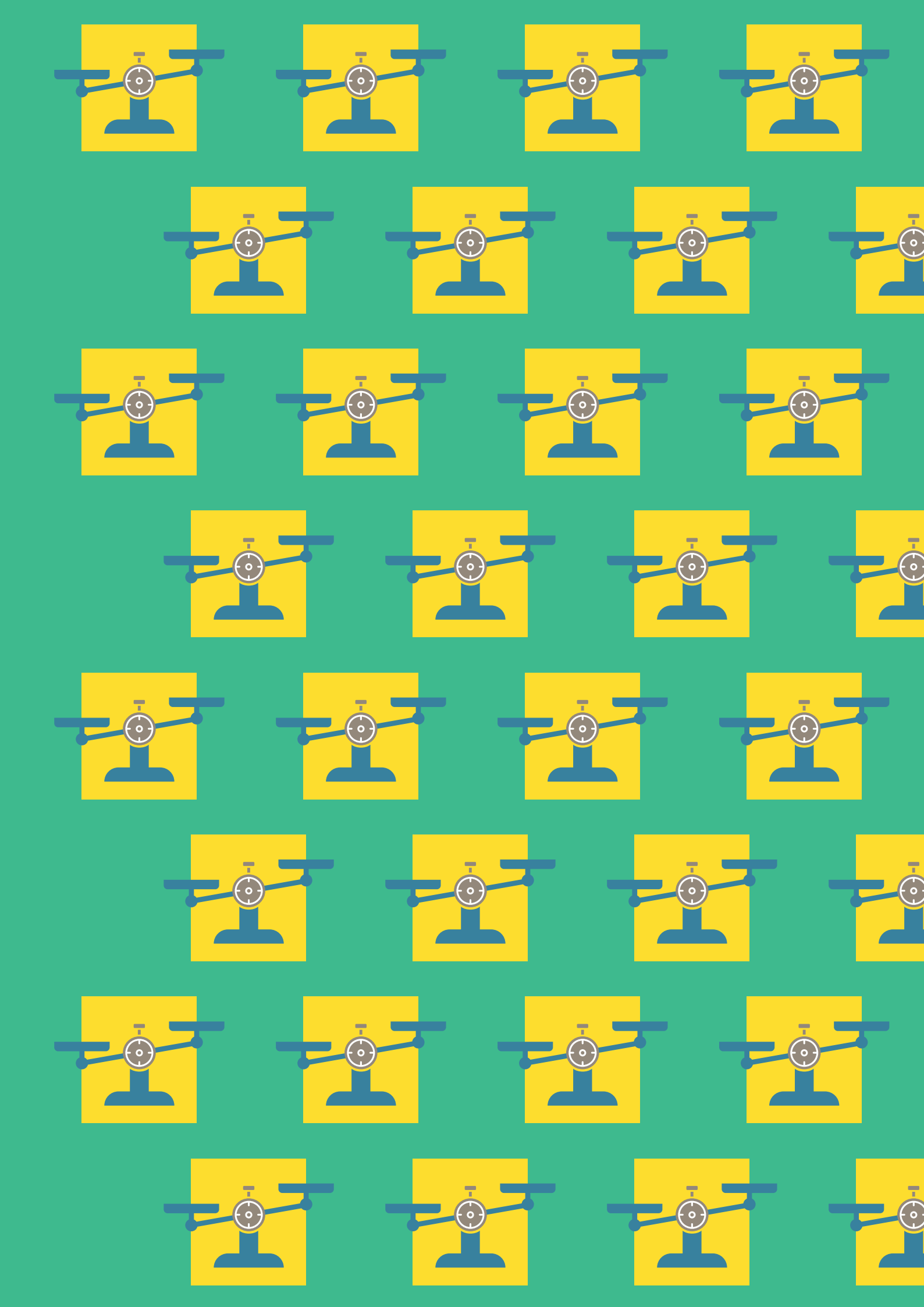
MEASURING PERFORMANCE, BUILDING TRUST, DRIVING SUCCESS.

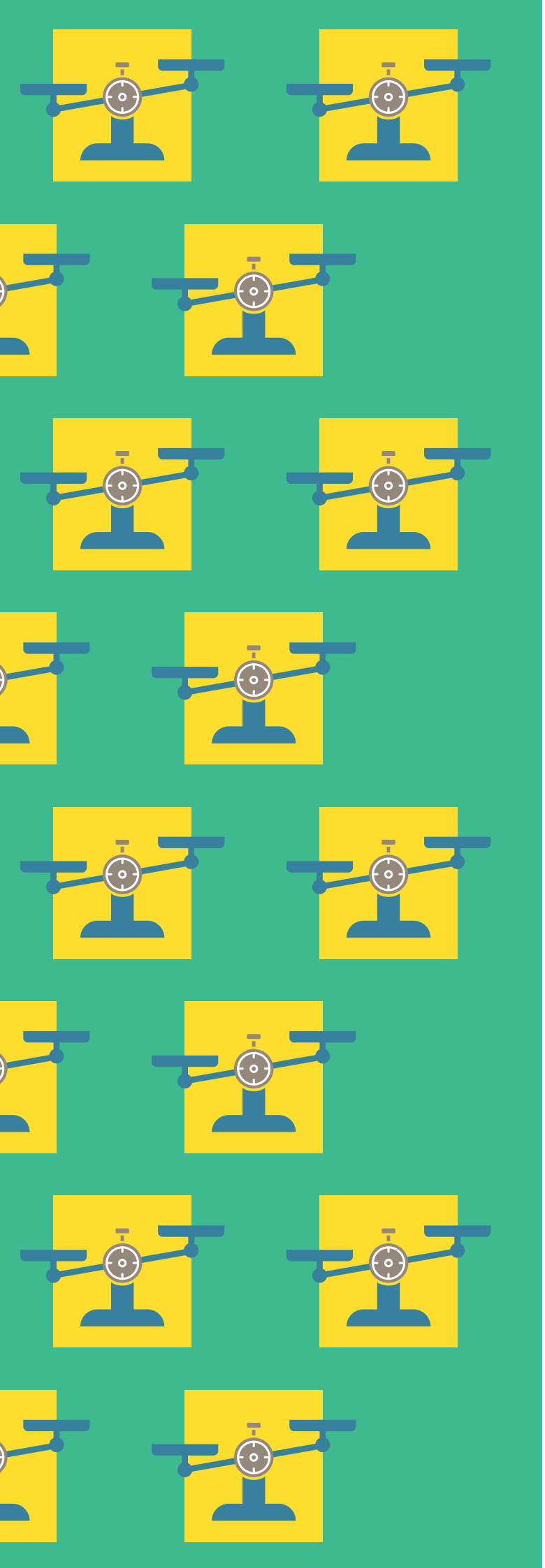
Gordon Institute of Business Science
University of Pretoria

In Partnership with

BUSINESS LEADERSHIP SOUTH AFRICA

MARCH 2020





GIBS

www.gibs.co.za

Contents

2 Introduction

2 Background

4 Management of the initiative

5 Instrument development

7 Outcomes and benefits

8 The Barometer by the numbers

9 Standout insight #1
Widespread agreement about ethics

10 Standout insight #2
The 'external vs internal' gap

13 Standout insight #3
Speaking up against ethical failures

15 Standout insight #4
Diversity and inclusion

16 Standout insight #5
Correcting historical wrongs

18 Standout insight #6
Business as a force for good

19 Standout insight #7
Leadership behaviours

20 Vision: 2020 and beyond

21 Conclusion

22 Appendix

GIBS **AUTHOR**

RABBI GIDEON POGRUND

Director: GIBS Ethics and Governance Think Tank

Introduction

The GIBS Ethics Barometer is positioned at the intersection of academia and action. It combines a commitment to independent, rigorous research with a clear focus on achieving impact and making a practical contribution. Building on GIBS' reputation as the 'business school of business', the Ethics Barometer aims to deliver benefits on both a micro and macro level - to individual companies as well as to the broader business community.

Underlying this initiative is the recognition of a problematic paradox. Many individuals and corporations may well appreciate, on a conceptual level, the importance of ethics. However, in the absence of a clear metric, conversations about ethics run the risk of becoming vague, amorphous and fuzzy. It is this 'soft underbelly' which the Ethics Barometer addresses. Through a combination of quantitative and qualitative data-driven insights, the Ethics Barometer opens the door to a more meaningful assessment of the ethical performance of South African corporations. Since the conversations which the instrument enables are rooted in empirical evidence, they have more credibility and hence the potential for greater influence and impact.

The Ethics Barometer sets out to empower leaders to more effectively measure and thereby manage ethical performance. It does so on the basis that ethical behaviour builds trust and is ultimately critical for the success of both organisations and society.

In its inaugural phase, the Ethics Barometer engaged with over 8,000 employees of 15 leading South African companies. The companies were drawn from diverse sectors including banking, insurance, financial services, mining, property, retail, leisure and professional services. The instrument assessed employee perceptions about a wide range of behaviours in their organisations. Company-specific data was aggregated and anonymised into the general data, allowing for the establishment of a national benchmark. This enabled organisations to compare their ethical performance to that of their peers.

Background

For almost 50 years, there was a view of the corporation that defined capitalism – or at least Anglo-Saxon form of it. In this view, the company is an amoral entity whose sole purpose is to maximise profits within the parameters of the law. To pursue anything else would be, in the words of the economist Milton Friedman, "pure and unadulterated socialism". [1]

In the West, this view has increasingly been challenged. There is an increasing focus on purpose beyond profits, and on inclusion and sustainability. To be sure, there are many companies which cling to the old view, and regard this shift with indifference and cynicism. But this is the general direction in which global business is moving.

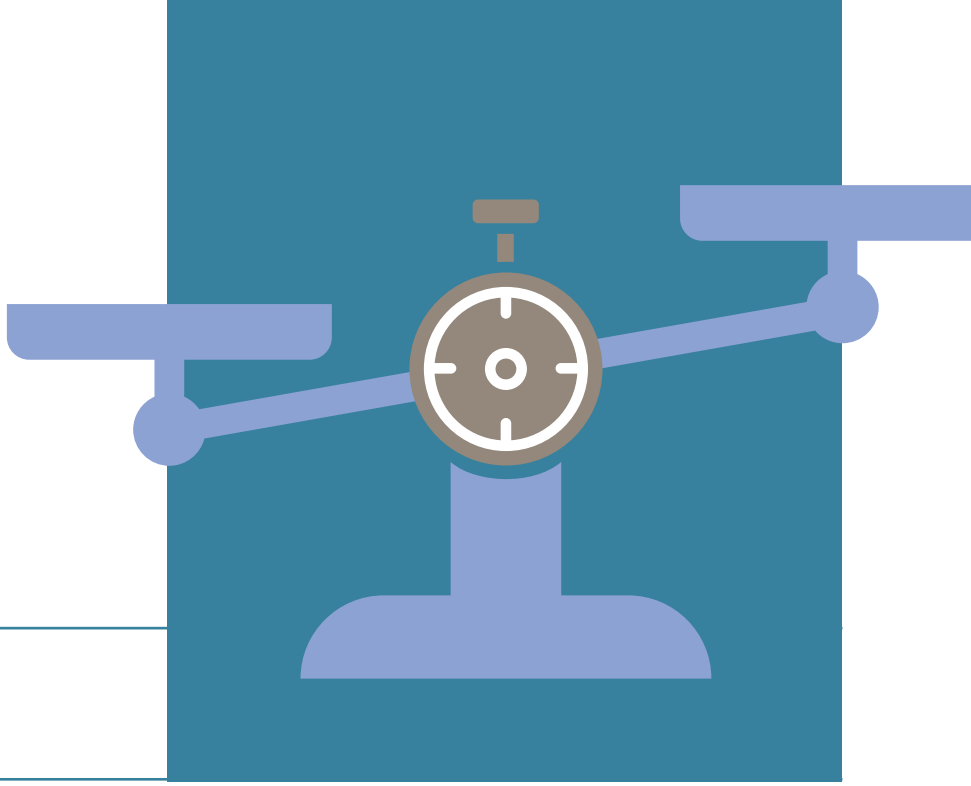
To some extent, it's a response to a growing risk which capitalism faces. Some would even call it a crisis of legitimacy. It's related to declining public trust in business, a result of growing inequality and the sense of exclusion that many people feel. A long series of corporate scandals have also undermined trust in business.

Low trust levels are ammunition for populist politicians. They exploit people's anger and frustration, making promises that are enticing but unrealistic and bound to result in damage and destruction.

To fix capitalism, business has to, firstly, avoid doing harm – especially through reducing misconduct. Secondly, it has to serve a social purpose beyond profits and become more inclusive. Only then can it restore public trust, and secure the conditions for its long-term success.

References

[1] Friedman, M. (1970, September 13). *The social responsibility of business is to increase its profits*. The New York Times Magazine.



Larry Fink, CEO of BlackRock, which manages $6 trillion in assets, has communicated this message to the companies in which it invests. In his 2019 annual letter to CEOs, he wrote: "To prosper over time, every company must not only deliver financial performance but also show how it makes a positive contribution to society. Companies must benefit all their stakeholders, including shareholders, employees, customers and the communities in which they operate."[2] In a similar vein, Jamie Dimon, Chairman and CEO of JPMorgan Chase and Chairman of the Business Roundtable, the largest US business group, announced that companies must realign incentives and define targets beyond profits.[3]

If fixing capitalism is a global challenge, it is especially urgent and intense in South Africa given the fundamental problems which the country faces. The cost of corruption and state capture has been devastating. As the spate of corporate scandals over the last couple of years show, this is certainly not only a public sector problem. Twenty-five years after the end of apartheid, South African society remains deeply skewed by poverty and inequality. According to the World Bank, South Africa is the most unequal society in the world. Massive unemployment, especially among the youth, is a ticking time bomb. Statistics South Africa's jobs data for the third quarter of 2019 shows an increase in the overall unemployment rate to 29.1%. More than 58% of youth aged between 15 and 24 are unemployed.[4] Feeding off these problems are populist politicians with their reckless and dangerous agendas. In a recent survey of 23 countries conducted by the UK Guardian newspaper and the data analytics firm YouGov, South Africa was found to have the second highest levels of populism: 39% of respondents said that they strongly agreed with populist statements like "My country is divided between ordinary people and the corrupt elites who exploit them".[5]

Against this global and local backdrop, SA companies face a series of fundamental questions and challenges. How do they build business models that are more purpose-driven and more inclusive? Compliance is obviously crucial but it shouldn't be conflated with ethics – just as rules are different from values. How do they display ethical leadership so that compliance is less of a goal and more of a natural outcome of doing the right thing? CSR (Corporate Social Responsibility) and CSI (Corporate Social Investment) unquestionably make important contributions but they are essentially detached from an organisation's core purpose and activities. How do companies merge financial and social imperatives, making social impact part of how business is done? And how can all of this be achieved under tough conditions: a stagnant economy with investors expecting a return on their capital?

The discussions about these questions are obviously profound and complex, and they vary from one company to the next and from one sector to the next. While it goes without saying that the Ethics Barometer doesn't purport to offer all the answers, it does aim to make a significant contribution to these discussions.

References

[2] Fink, L. (2019). *Larry Fink's annual letter to CEOs: Profit and purpose.* Retrieved from https://www.blackrock.com/hk/en/insights/larry-fink-ceo-letter. Accessed on 24 September 2019.

[3] Henderson, R., & Temple-West, P. (2019, August 19). *Business must act on a new corporate purpose.* UK Financial Times. Retrieved from https://www.ft.com/content/e21a9fac-c1f5-11e9-a8e9-296ca66511c9. Accessed on 11 October 2019.

[4] Hurlbut, W. B. (2018). *Overcoming poverty and inequality in South Africa: An assessment of drivers, constraints and opportunities.* Retrieved from http://documents.worldbank.org/curated/en/530481521735906534/pdf/124521-REV-OUO-South-Africa-Poverty-and-Inequality-Assessment-Report-2018. Accessed on 12 October 2019.

[5] Phillips, D., Burke, J., & Lewis, P. (2019, May 1). *The Guardian. How Brazil and South Africa became the world's most populist countries.* Retrieved from https://www.theguardian.com/world/2019/may/01/how-brazil-and-south-africa-became-the-worlds-most-populist-countries. Accessed on 11 October 2019.

Management of the Initiative

THE GIBS ETHICS AND GOVERNANCE THINK TANK

Founded in May 2016, the GIBS Ethics and Governance Think Tank operates on the basis that ethical behaviour builds trust, and that when there is trust, business and society flourish. The Think Tank's purpose is to better understand and influence how SA business can behave more ethically, thereby building trust and helping secure a more successful, sustainable future for the business community and the country.[6]

It achieves this through research, teaching and advocacy as well as by engaging with a range of South African leaders, both in public and private forums. The Think Tank also builds reciprocal relationships with global partners, learning about cutting-edge thinking and practices from around the world while sharing innovative work being done in SA.

GIBS Ethics Barometer is the Think Tank's flagship project. It is envisaged that the Barometer will generate a series of outputs, supporting the Think Tank's activities and ensuring that its findings are widely disseminated and influence attitudes and behaviours. These outputs include: presentations to boards and exco's; academic research and publishing; teaching material for MBA and executive development programmes; media articles and interviews; public forums; dialogue sessions between diverse stakeholder leaders; and collaboration with international scholars and institutions.

PARTNERSHIP WITH BUSINESS LEADERSHIP SA

GIBS has partnered with Business Leadership South Africa (BLSA), the country's largest business association which represents over 80 of SA's biggest companies. The Ethics Barometer supports several of BLSA's key objectives as laid out in its Contract with South Africa and its Integrity Pledge. These include inclusive growth, transformation and the crushing of corruption.[7]

References

[6] Pogrund, G., & Beckley, S. (2018, March 26). *Executive perspective: The moral imperative of business*. Retrieved from https://blogs.thomsonreuters.com/sustainability/2018/03/26/executive-perspective-the-moral-imperative-of-business. Accessed on 26 March 2018.

[7] Business Leadership South Africa. (2017). *Business believes in South Africa*. Retrieved from https://blsa.org.za/businessbelieves/our-contract-with-south-africa. Accessed on 7 September 2019.

Instrument Development

USING A GLOBAL RESEARCH TOOL

The Ethics Barometer has been built on a rigorous and comprehensive assessment tool developed by three Harvard Business School (HBS) academics: Professors Lynn Paine, Rohit Deshpande and Joshua Margolis. The tool tests whether organisations adhere to global norms and standards around business conduct.

In 2005, as a first step, the HBS academics systematically analysed 23 codes of corporate conduct. These codes were drawn from 14 of the world's largest corporations as well from leading international institutions such as the United Nations, the OECD and the Global Reporting Initiative. Their analysis identified 62 widely endorsed standards of business conduct, and this was used to establish the Global Business Standards (GBS) Codex. These standards were in turn analysed and it was found that they were underpinned by 30 concepts and eight principles.[8]

Harvard Business Review

www.hbr.org

BEST PRACTICE

New research reveals an emerging global consensus on basic standards of corporate behavior.

Up to Code

Does Your Company's Conduct Meet World-Class Standards?

by Lynn Paine, Rohit Deshpandé, Joshua D. Margolis, and Kim Eric Bettcher

8 PRINCIPLES OF THE GBS CODEX

FIDUCIARY PRINCIPLE

Act as a fiduciary for the company and its investors. Carry out the company's business in a diligent and loyal manner, with the degree of candour expected of a trustee.

PROPERTY PRINCIPLE

Respect for property and the rights of those who own it, refrain from theft and misappropriation, avoid waste, and safeguard the property entrusted to you.

RELIABILITY PRINCIPLE

Honour commitments. Be faithful to your word and follow through on promises, agreements and other voluntary undertakings, whether or not embodied in legally enforceable contracts.

TRANSPARENCY PRINCIPLE

Conduct business in a truthful and open manner. Refrain from deceptive acts and practices, keep accurate records, and make timely disclosures of material information while respecting obligations of confidentiality and privacy.

DIGNITY PRINCIPLE

Respect the dignity of all people. Protect the health, safety, privacy and human rights of others; refrain from coercion; adopt practices that enhance human development in the workplace, the marketplace and the community

FAIRNESS PRINCIPLE

Engage in free and fair competition, deal with all parties fairly and equitably, and practice non-discrimination in employment and contracting.

CITIZENSHIP PRINCIPLE

Act as responsible citizens of the community. Respect the law, protect public goods, cooperate with public authorities, avoid improper involvement in politics and government, and contribute to community betterment.

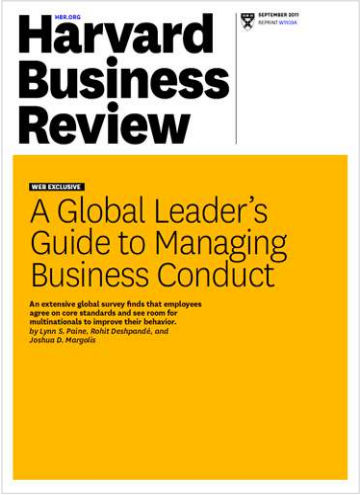
RESPONSIVENESS PRINCIPLE

Engage with parties who may have legitimate claims and concerns relating to the company's activities, and be responsive to public needs while recognising the government's role and jurisdiction in protecting the public interest.

References

[8] Paine, L. S., Deshpande, R., Margolis, J. D. & Bettcher, K. E. (2005). Up to code: Does your company's conduct meet world-class standards? *Harvard Business Review, 83*(12), 122-133

In 2011, Paine, Deshpande and Margolis conducted a further study to test whether employees thought that their companies should - and actually did - adhere to the GBS Codex's standards. They surveyed 6,200 employees working for four multinational corporations in 23 countries as well as 820 executives studying at HBS.[9]



LOCALISING THE TOOL

The GBS Codex forms the foundation of the GIBS Ethics Barometer. The Barometer draws on the widely endorsed norms and standards which make up the GBS Codex. However, using focus groups made up of subject matter experts, the GIBS Ethics and Governance Think Tank contextualised and localised the HBS tool, ensuring that it also addresses specific South African issues and challenges - especially with regard to transformation and correction of historical wrongs. The aim was to develop an instrument that is locally relevant while remaining aligned with the global framework.

The GIBS Ethics Barometer measured 68 behaviours and six constructs, cutting across key stakeholder relationships. Before being roll-out to the 15 participating organisations, it was piloted at GIBS – all of whose employees were invited to participate.

Figure 1

Figure 2

References

[9] Paine, L. S., Deshpande, R., & Margolis, J. D. (2011, September). A global leader's guide to managing business conduct [Online version]. *Harvard Business Review, 89*. Retrieved from https://hbr.org/2011/09/a-global-leaders-guide-to-managing-business-conduct

Outcomes and Benefits

A PROCESS OF SELF-REFLECTION

Through giving employees the opportunity to provide anonymous and safe feedback, the Ethics Barometer facilitates a process of self-reflection for corporate leaders. Some findings might clarify, corroborate or confirm what leaders are already aware of. Other findings might present surprising or even shocking news, challenging corporate blind spots.

The Barometer enables companies to benchmark themselves across a range of behaviours and constructs, comparing their 'ethical fitness' against that of their peers. In this way, it helps establish clear and concrete targets to which they can aspire.

The results are, inevitably, as nuanced and complex as the organisations themselves, comprising both positive and negative aspects. They invariably reveal areas of strength as well as areas that require improvement. The findings lend themselves to practical interventions, designed to improve the 'ethical fitness' of organisations.

The value of understanding perceptions might be questioned: what if they are way off the mark? The premise underlying the Ethics Barometer is that perceptions should be taken seriously, regardless of whether leaders feel they reflect the 'objective' ethical reality of their organisations. To the extent that perceptions are 'accurate', they help oganisations identify how they need to improve their ethical realities. But even if they aren't 'accurate', they still represent the subjective reality or lived experience of employees. At the very least, this calls for more effective communication and engagement with employees.

A MORE WIDE-RANGING AND INTEGRATED APPROACH

Instead of treating ethics-related issues in a compartmentalised manner, discrete and disconnected from each other, the approach of the Ethics Barometer has been a more integrated one. Placing all ethics-related issues under one umbrella, it provides a comprehensive assessment of a wide range of organisational behaviours, cutting across key stakeholder relationships.

The data therefore holds value for managers operating in divergent business units including HR, risk, ethics and sustainability. Ideally, however, this overarching view is suited to the strategic oversight within organisations, supporting discussions at C-Suite, board and Exco level. Critically, by engaging with the leaders at these levels, the hope is that the importance and impact of the ethical conversation will find greater traction in organisations. This is in line with a key aim of the GIBS Ethics and Governance Think Tank: to help encourage a shift of ethics from the periphery to the centre of organisational decision making, weaving it into how business gets done.

CEO FEEDBACK

The overall response from participating companies has been very positive, pointing to the practical value which the instrument offers.

CEO COMMENTS:

"I wanted to acknowledge how much we have valued participating in the inaugural Ethics Barometer Survey. It has provided us with important insights into the 'ethical fitness' of [the company] ... causing each of us as leaders and individuals to challenge our perceptions and to take accountability for our lived realities."

"The current South African climate being what it is, this [the GIBS Ethics Barometer] seemed like a very smart way of augmenting our existing processes and surveys to identify strengths and opportunities to make our business even stronger. I'm looking forward to building on this initial work into the future as I believe our business will be the better for it."

"The GIBS Ethics Barometer ... is not only insightful in providing our organisation with local benchmarks regarding our conduct and internal perceptions but is a fundamental construct in enabling [the company] to recognise any potential shortcomings in our behaviour and culture, thus enabling the organisation to remediate such behaviours."

"The GIBS Ethics Barometer proved a valuable tool to bolster feedback from our colleagues.... It served us in highlighting some blind-spots, misperceptions, and areas of weak practice. The survey feedback offered us an additional opportunity for introspection and engagement as we continue to grow our ethical culture."

"We shared the outcomes of the barometer in more detail during our half year strategy review... The insights proved to be very valuable in understanding the current sentiment of [the company] as a community and how our employees and franchise partners view the brand. It has given us clarity on where we are doing well and where we need to improve on."

"The survey provided the ideal tool for staff who are concerned about their confidentiality being compromised to harness insights openly and honestly. The insights received has enabled us to engage and find solutions and implement valuable changes on various levels. We were also able to celebrate positive areas. Having participated in this process it is clear that the GIBS Ethics Barometer helps to encourage openness, transparency and introspection; traits we are aligned to as an organisation."

The Barometer by the Numbers

15
organisations

8,433
employees accessed the survey

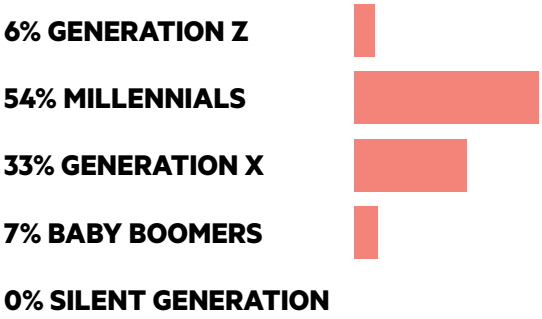
6,012
employees fully completed the survey (partially completed surveys were also analysed)

Almost
7,000
verbatim comments provided by
34%
of sampled employees

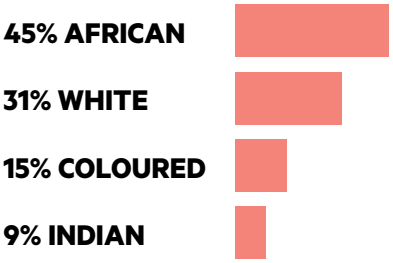
Verbatim quotations from the qualitative data are presented in support of, or in contrast to, the quantitative findings. The quotations in this report were selected on the basis that they reflect the typical perceptions of employees in relation to the issues raised.

GENDER SPLIT

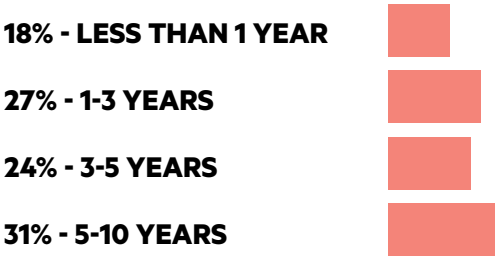
GENERATION BREAKDOWN:



POPULATION GROUP:



LENGTH OF SERVICE:



In addition, focus groups were conducted with representatives of societal stakeholder groups (media, NGOs, Churches, trade unions, and students/youth), in to order to better understand their views of SA business.

Key Findings

While the findings were extensive and in-depth, there were seven key insights that stood out. To gain access to the full suite of quantitative and qualitative findings, please contact the GIBS Ethics and Governance Think Tank directly.

Standout Insight #1

WIDESPREAD AGREEMENT ABOUT ETHICS

Transcending differences and divisions

A key finding of the Harvard Business School study was that employees generally agreed about how their organisations *should* behave. When asked about the extent to which they thought their companies should adhere to each of the standards listed in the survey, they responded with an average value of 6.44 on a scale of 1 to 7. Given that these employees worked for multinational companies in 23 countries, this consensus transcended wide differences in business environment, culture and grade. It supported the hypothesis of the HBS academics –that there is "an emerging consensus on widely accepted standards of conduct for global companies". They argued that this consensus belies "the assumption that relativism should guide cross-border business practices."[10]

As with the HBS study, the GIBS Ethics Barometer found that South African employees assign high levels of importance to ethics. They too strongly felt that their organisations should display all the ethical behaviours that were measured. This suggests that notwithstanding the differences and divisions that exist in the country, people have widely shared ethical values

The qualitative data highlighted employee perceptions about the importance of ethics to effective functioning:

> *"These issues are vital to our business and are not negotiable as our reputation is what keeps us competitive."*
>
> *"From an external perspective, our shareholders and clients will judge us by our integrity and I for one value an employer and bank that is ethical in all their dealings."*

HOW IMPORTANT ARE ETHICS TO EMPLOYEES IN THESE ORGANISATIONS?

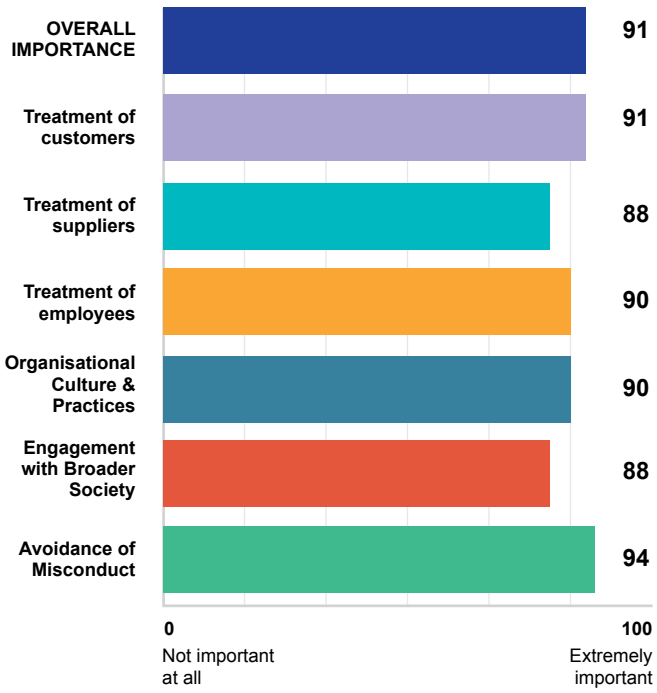


Figure 3
Respondents were asked how important it was for them that their companies displayed ethical behaviours. Responses were assigned a score from 0 (representing 'not important at all') to 100 (representing 'extremely important'). The scores for all the behaviours relating to a particular category were then averaged to obtain Category Scores. The dark blue bar titled 'Overall Importance' represents the average score across all ethical behaviours across all sample respondents.

Finally, there is an important and positive practical implication. If people generally agree on what is ethically important, even without necessarily behaving that way, corporate ethics-related interventions are more likely to resonate and be effective. Attempts to promote ethical behavioural change among employees have greater potential impact.

References

[10]Paine, L. S., Deshpande, R., & Margolis, J. D. (2011). A global leader's guide to managing business conduct. *Harvard Business Review 89* (9). Retrieved from https://hbr.org/2011/09/a-global-leaders-guide-to-managing-business-conduct

Standout Insight #2

THE 'EXTERNAL VS INTERNAL' GAP

Addressing issues of respect, fairness and trust

A potential red flag for organisations is when there is a significant discrepancy between the 'should' and the 'actual' – between the behaviours employees expect of their companies and the perceived realities. This creates what the HBS academics referred to as 'conduct gaps'.[11] These 'conduct gaps' were especially evident in the behaviours associated with the treatment of employees and organisational culture and practices.

The quantitative data showed that, on the whole, employees had positive perceptions about how their organisations engage with *external* stakeholders – customers, suppliers and broader society. This is supported by qualitative data that demonstrates employees' positive perceptions about relationships with external stakeholders:

> *"I genuinely believe [my organisation] acts and performs in an exemplary manner re suppliers and clients."*
>
> *"Always trying our best to give exceptional service to our clients, keeping suppliers happy and giving feedback to our suppliers is always our priority."*

However, they had significantly less favourable perceptions about how their organisations relate to employees themselves. This was demonstrated by the less positive scores recorded in the two 'internal' categories: *Treatment of Employees* and *Organisational Culture and Practices*. (Almost all the items in *Organisational Culture and Practices* relate to the direct employee experience).

The 'external vs internal gap' is clearly illustrated by *Figure 4*, depicting the overall ethical fitness of the organisations.

(For the scores for all the behaviours in each category, see *Figures 18-25* in the Appendix and *Figures 13* and *14* below).

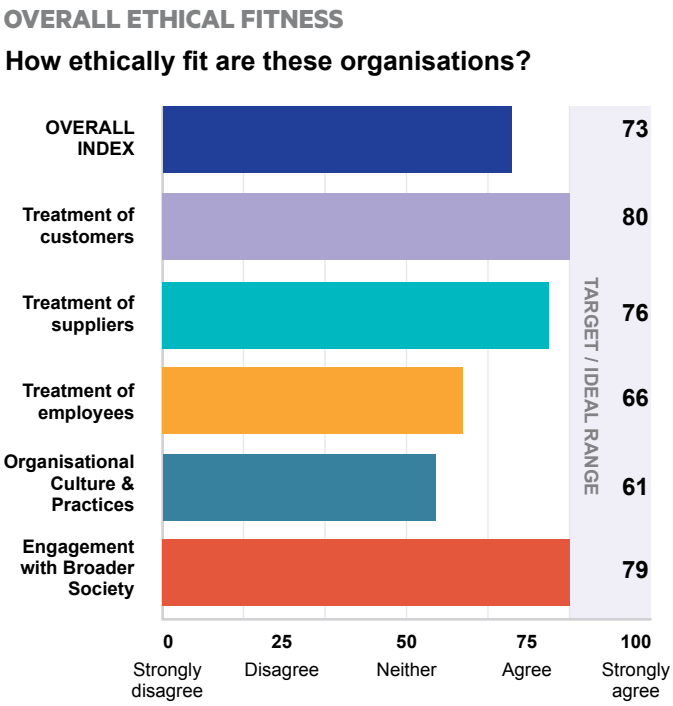


Figure 4
Respondents were asked to what extent they agreed or disagreed that each of 50 ethical behaviours were displayed by their organisations. Responses were assigned a score from 0 (representing 'Strongly Disagree') to 100 (representing 'Strongly Agree'). Scores were averaged across all sample respondents to obtain a score out of 100 for each of the behaviours. The scores for all the behaviours relating to a particular category were then averaged to obtain Category Scores. The red bar titled 'Overall Index' represents the average score across all 50 ethical behaviours across all sample respondents.

Ideally, the scores shown in Figure 4 should lie in the range between 75 and 100, indicating broad agreement that the organisation is ethical in its treatment of the stakeholder in question.

References

[11]Paine, L. S., Deshpande, R., & Margolis, J. D. (2011). A global leader's guide to managing business conduct. *Harvard Business Review 89* (9). Retrieved from https://hbr.org/2011/09/a-global-leaders-guide-to-managing-business-conduct

The 'external vs internal gap' is further demonstrated by *Figures 5* and *6*. *Figure 5* shows the 10 behaviours around which employees had the most positive perceptions, most strongly agreeing that they were displayed by their organisations.

Overall, employees were most likely to perceive the organisations they work in to be legally compliant, as well as acting in the best interests of external stakeholders. The qualitative data supports these positive perceptions:

> *"I do agree that the company does a lot for the community as well as certain charity organisations. They try to keep minimising the impact we have on the environment."*

BEHAVIOURS

Most Positive Perceptions

	BEHAVIOUR	CATEGORY	SCORE OUT OF 100
1	Takes the concerns of complaints of customers seriously and does its best to address them	Treatment of Customers	85
2	Supports the aims of regulatory authorities	Engagement with Broader Society	83
3	Pays its taxes responsibly	Engagement with Broader Society	83
4	Keeps its promises to our customers	Treatment of Customers	82
5	Treats customers fairly	Treatment of Customers	81
6	Always seek to comply with the law and regulations	Engagement with Broader Society	81
7	Makes impactful contributions to needy causes	Engagement with Broader Society	80
8	Is active in the development of South African society	Engagement with Broader Society	80
9	Products or services ahve clear terms and conditions	Treatment of Customers	80
10	Includes all relevant information in our financial reporting	Organisational Culture & Practices	80

Figure 5
Ideally, the scores shown should lie in the range between 75 and 100, indicating broad agreement that the organisation's behaviour is ethical.

BEHAVIOURS

Least Positive Perceptions

	BEHAVIOUR	CATEGORY	SCORE OUT OF 100
1	People feel free to speak out against wrondoing without fear of retaliation	Organisational Culture & Practices	52
2	The way people are promoted is fair	Treatment of Employees	54
3	There are no double standards for different groups of employees	Organisational Culture & Practices	55
4	Pays people fairly	Treatment of Employees	56
5	Managers tell the truth to employees	Organisational Culture & Practices	58
6	Employees tell the truth to managers	Organisational Culture & Practices	60
7	People own up and take responsibility when they make a mistake	Organisational Culture & Practices	60
8	People give credit for their colleagues' ideas	Organisational Culture & Practices	62
9	Leaders live up to the company's values and standards	Organisational Culture & Practices	62
10	Everyone is treated with respect	Treatment of Employees	63

Figure 6
Ideally, the scores should lie in the range between 75 and 100, indicating broad agreement that the organisation's behaviour is ethical.

Figure 6 shows the 10 behaviours around which employees had the least positive perceptions, least strongly agreeing that they were displayed by their organisations.

The general picture points to a perceived lack of respect and fairness, and low levels of trust.

The qualitative data supported and enhanced this picture. Of all comments relating to *Treatment of Employees*, as many as 41% had to do with 'unfair practices'. Of all quotations relating to *Organisational Culture and Values*, 14% were about negative behaviours such as 'disrespect' and 'dishonesty'.

Here are typical comments:

> *"There is a lot of unfairness in the company. I never knew I would be so unhappy in my workplace."*
>
> *"The [company] will save costs on the broken backs of their employees."*
>
> *"We are spoken to and treated like horse manure, the leadership teams think they can talk to us like they want to and show no respect."*
>
> *"I am shocked and often disgusted by the way [the company] treats and pays their employees...I have been made so many promises and been lied to straight to my face repeatedly."*

There were also several comments about nepotism or favouritism as it relates to both hiring and especially promotions, adding to the perceived lack of fairness.

> *"New positions should be advertised, not filled by "friends", that is a form of corruption."*
>
> *"It is not about the person's abilities, values and ethics. It's about who the person knows, or who knows the person."*
>
> *"I don't think people should get high jobs just because you know people in high positions that's not FAIR."*

There is a powerful human propensity to reciprocate. Most people are what Wharton professor Adam Grant calls "matchers" – which means that they strive "to preserve an equal balance of giving and taking".[12] To be a matcher is to look for quid pro quo. It's related to our innate sense of fairness and justice. When matchers are treated well, they respond in kind. But when they feel they are being mistreated, they seek justice and revenge. So deep is the tendency to 'match' that most people would be willing to punish someone else's unfairness even when it is to their own financial detriment.

This has major practical implications for myriad stakeholder relationships – including with employees. If they are treated with ethical values such fairness and respect, they will likely reciprocate. If they perceive that they are being treated badly, it may well boomerang.

References

[12] Grant, A. (2013). *Give and take: A revolutionary approach to success*. New York: Viking.

Standout Insight #3

SPEAKING UP AGAINST ETHICAL FAILURES

Cultivating a 'culture of dissent'

A total of 45% of respondents said they had witnessed at least one of 18 types of misconduct over the past 24 months. The most widely observed types of misconduct were:

- Tolerating bullying and intimidation in the workplace
- Discrimination (both race and gender)
- Stealing and misuse of company property (such as assets and cash).
- Bending rules to meet targets.

6 MOST OBSERVED TYPES OF MISCONDUCT

During the past 24 months

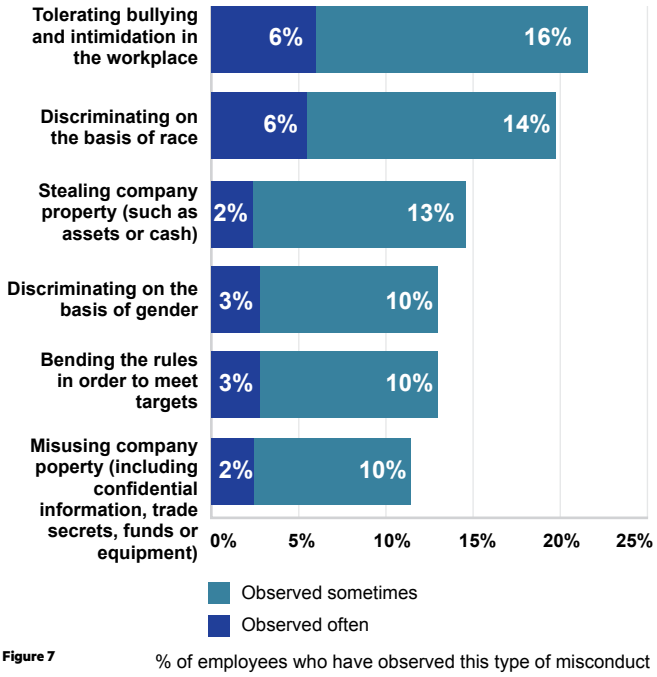


Figure 7

For the full list of observed types of misconduct, see *Appendix – Figure 28*.

However, only 30% of those who had seen misconduct said that they had reported it. The two most common reasons given for not reporting both clearly reflect a lack of trust:
- "I fear I'll be victimised"
- "The company won't take action; nothing will happen"

The reported reason of "I fear I'll be victimised" is closely aligned with the finding cited in *Figure 6*: Asked whether they agreed that employees "feel free to speak out against wrongdoing without fear of retaliation", a score of only 52 was recorded (the lowest of all the scores used to measure the extent to which respondents believed that organisational behaviours were displayed).

The fear of being victimised also seems to be related to a tolerance of bullying and intimidation. As *Figure 7* shows, this was the most widely observed type of misconduct and was witnessed by 22% of respondents (including 6% who said they had seen it often).

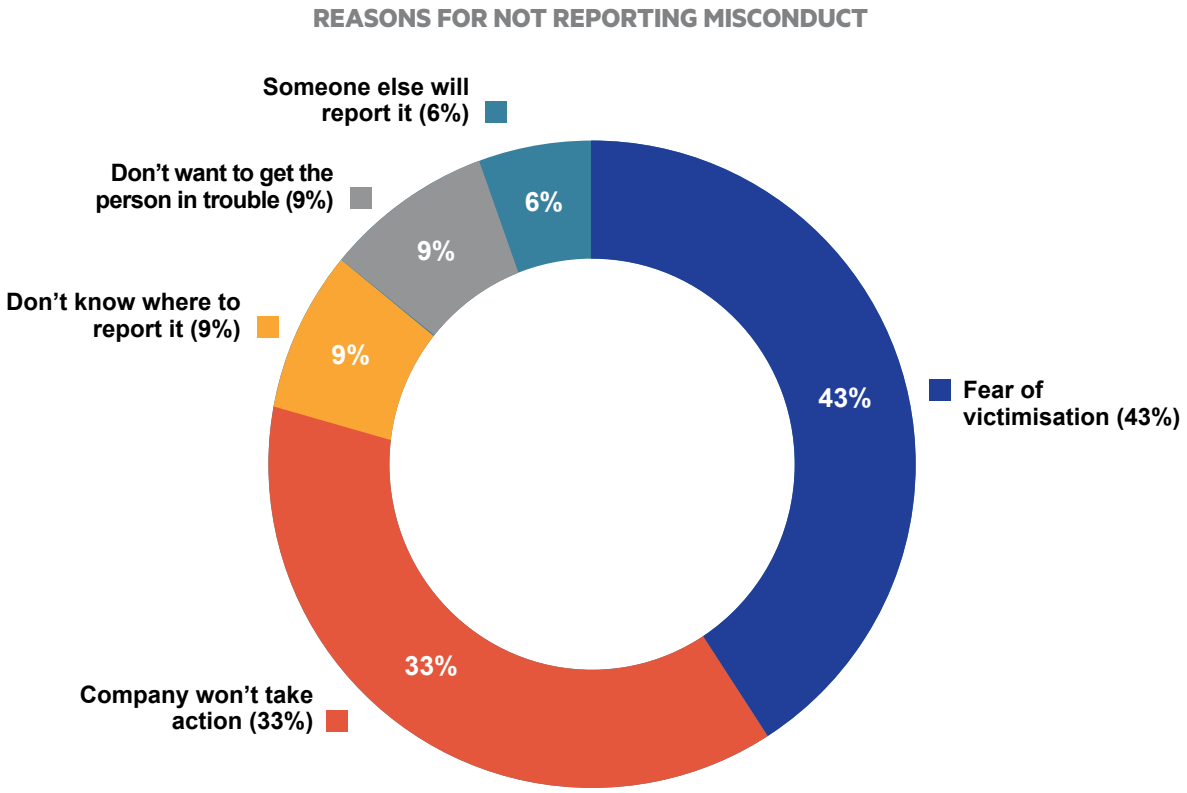


Figure 8

The qualitative data offered a similar finding. Of the comments to do with *Organisational Culture and Practices*, 31% related to 'speaking out'. Of these comments, as many as 66% referred to 'actual or feared reprisal' for speaking out.

Typical employee comments included:

> *"Career limiting moves are so real in [the company]. I've seen first hand how individuals are targeted because of having a strong value system. Even the "hotline" which should allow whistle blowing, doesn't protect the staff member if they are speaking up against the "boetie club" when managers are involved. These complaints are directed to the very managers who are the problem and they enjoy the protection of even HR partners at times".*
>
> *"Too afraid to say or do anything in fear of being victimized and being singled out. Written these complaints 1000 in my head but never on paper. Don't think anything will come of it."*
>
> *"You cannot report misconduct because the people you need to report to are the once perpetrating the misconduct. If I were to say anything I would never be able to work in this industry again. I trust no one."*

A crucial way for leaders to prevent ethical scandals and corporate governance failures in their organisations is to cultivate what the distinguished lawyer Michal Katz calls a 'culture of dissent'. This is needed so as to challenge, check and counter the misuse and abuse of power. Just as leadership is active and demanding, so too is followership. Ethical and effective leadership is dependent on having critical followership. Managers can help facilitate this through being willing to genuinely listen to their employees, however uncomfortable the conversations might be.

Clearly, companies need to work on cultivating a 'culture of dissent' - building trust and giving employees the psychological and institutional safety to speak out.

Standout Insight #4

DIVERSITY AND INCLUSION

Viewing difference as an opportunity rather than a threat

The research highlighted a perceived lack of diversity and inclusion.

It was found that employees of colour, and in particular those who are African, had significantly less favourable views about how their companies treat employees compared to their white counterparts (*see Appendix - Figure 26)*.

Furthermore, 20% of respondents said that they had personally observed racial discrimination over the previous 24 months. This included 6% who said that they had seen it often (see *Figure* 7). It was, however, not clear which population groups these respondents belonged to. Some of them may well have been white respondents expressing a backlash against transformation.

Typical comments drawn from different population groups include:

> *"The issue of discrimination due to race is still the big problem to be addressed. I have once seen a situation where work was presented by a black person with no support then later presented by a white person (the same work)...then it was taken/supported."*
>
> *"In my experience tenure and race are key factors. Long service earns people a license to behave inconsistently with the values of the [company] without consequence... White people enjoy unfair better treatment."*
>
> *"I have seen someone telling a white not to apply for a job because they will only appoint black candidates. This is in line with BEE but not the right way to do it"*
>
> *"Yes, there's very little promotions or vacancies for Indians and whites, and if you are Indian or white the chances of you been promoted for doing your work at its best is very scarce."*

It was found that women had significantly less favorable views of how employees are treated *(see Appendix - Figure 26)*. In addition, 13% of respondents said that they had witnessed gender discrimination over the last 24 months. This included 3% who said they had seen it often (see *Figure* 7). 7% of employees said that they had witnessed the tolerance of sexual harassment in the workplace (see *Appendix - Figure* 27).

Typical comments included:

> *"Male employees are called on their first names in meetings, females are all called "madam". Males are given time to give their opinion in meetings; the chairman interrupts, change the subject, inappropriately comment or talks over female contributors - unless it is to agree with what he says. Males conveying a point passionately are called "passionate and committed"; women are called "having an emotional outburst" and they need to "calm down". Males losing their temper (justifiably) are called "taking no nonsense" - women are called "unstable and hormonal". Underhanded comments about "having her period" is shared as joke between some men."*
>
> *"Women leaders tend to be in "soft" roles, like Marketing and HR and Communication; while the "real jobs" are still kept for men."*
>
> *"There are many competent women who could have been given the same opportunity to be groomed as the men were. [The company] remains a 'boys club'."*

Inclusion could be defined as the ability to leverage diversity. In other words, an inclusive organisation harnesses the advantages that come from diverse people working together, doing so in a way that enables multiple perspectives to be respected and considered. Such an approach is rooted in the embrace of difference, regarding it not as a threat but as an opportunity. This is likely to yield results that surpass the sum of the individual parts, including increased creativity and productivity and improved organisational performance.

Standout Insight #5

CORRECTING HISTORICAL WRONGS

Towards a more just and inclusive society

The study sought to understand whether respondents thought their organisations had embraced transformation as an ethical imperative, or merely regarded it as a regulatory requirement or 'tick-box' exercise. Most respondents had a positive perception, with 76% either strongly agreeing or agreeing with the question: "Is your organisation correcting historical wrongs because it is genuinely committed to transformation, and understands the need for it?".

COMMITMENT TO TRANSFORMATION

Are the organisations correcting historical wrongs because they are genuinely committed to transformation, and understand the need for it?

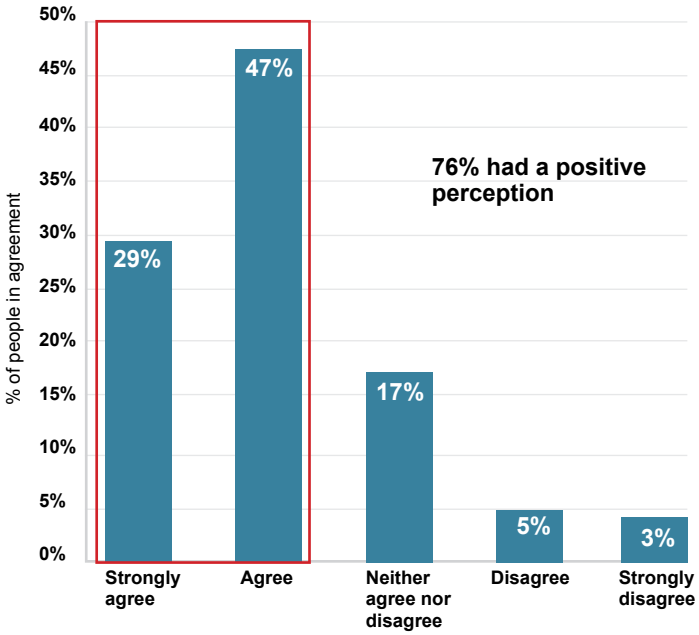


Figure 9

As *Figure 10* shows, this generally positive view was expressed by all population groups.

COMMITMENT TO TRANSFORMATION

Are the organisations correcting historical wrongs because they are genuinely committed to transformation, and understand the need for it?

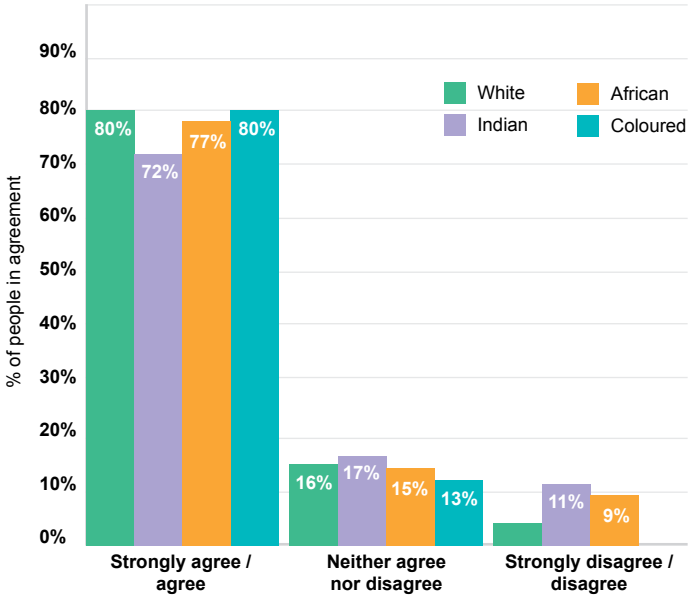


Figure 10

Respondents were asked in which ways they thought their organisations were correcting historical wrongs. They were presented with a series of options, and they could select none, any or all them. Skills development (74%) was most often cited as the way in which historical wrongs were being corrected. The second most frequently selected option was hiring practices (60%). This was substantially higher than promotion practices (43%), suggesting that a perceived glass ceiling exists. In other words, historically disadvantaged people were perceived to have greater opportunities to join organisations than to rise up through the ranks. Other significant ways in which historical wrongs were seen to be corrected included community development (52%), selection of suppliers (44%) and equity ownership (28%).

CORRECTING HISTORICAL WRONGS

How are these organisations correcting historical wrongs?

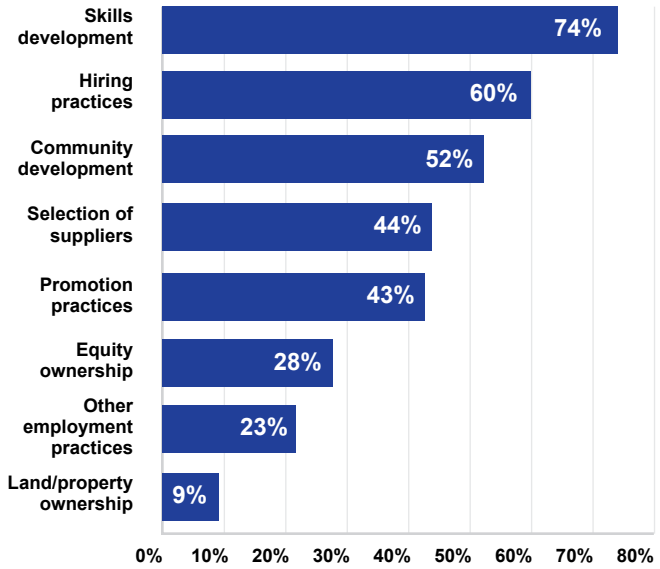


Figure 11

On the whole. employees of colour, especially Africans, had somewhat less favourable perceptions in regard to hiring, promoting, supplier selection and equity ownership:

CORRECTING HISTORICAL WRONGS BY POPULATION GROUP

How are these organisations correcting historical wrongs?

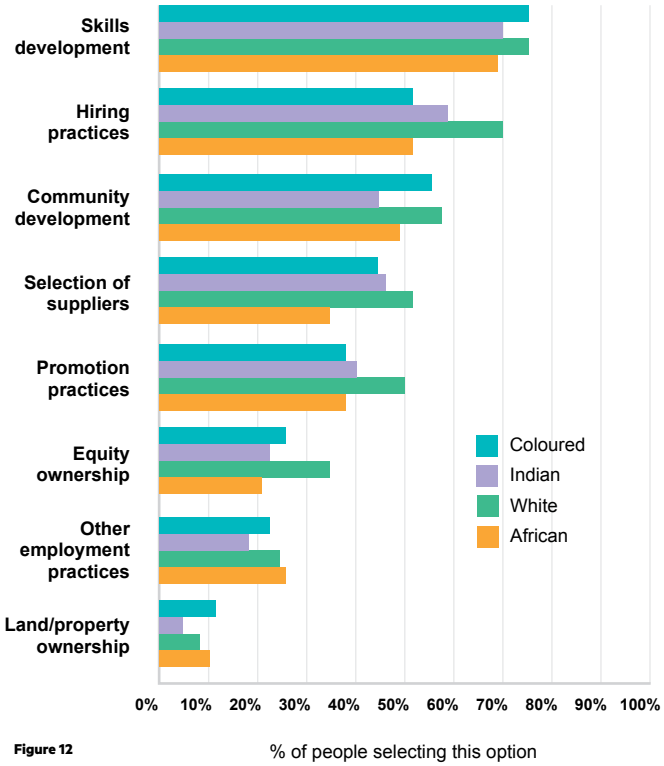


Figure 12

However, whereas the quantitative data indicated that the large majority of employees had a relatively positive perception regarding their organisations' commitment to transformation, the qualitative data revealed a 'vocal minority' with deeply negative views. The following are typical quotations:

> *"I am not convinced that we are motivated by anything other than regulation. We are doing the bare minimum to comply to transformation requirements."*
>
> *"I feel that [the company] still has that cappuccino effect when it comes to advancing black talent up the corporate ladder - more can be done. A huge percentage of the black labour force is still primarily occupying non-managerial positions."*
>
> *"[The company] is very behind when it comes to diversity; yes your hiring strategy has largely changed to include those of colour (only in junior positions of course which invariably gets you a "nice" BBE score and tax benefits by using BBE vendors) yet the management of [the company] is still very threatened by those of colour, and it shows in how people are rewarded and promoted in this company which still boasts largely archaic values."*
>
> *"Africans are not included in the decision-making positions. 'Inclusion' is a myth to me, because it merely means he/she is a CEO without the power of making solid decisions."*

The qualitative data also revealed that some employees remain resistant to the concept and practice of transformation in their organisations.

> *"BEE is important, however competent people are left behind because of their skin colour. [The company] must be careful not to create new wrongs while trying to fix historical ones. Be wary of putting people into positions to fill a quota rather than to have a skillful individual who can help achieve the company's goals."*
>
> *"By trying to correct historical wrongs they are alienating the rest of the employees."*

BEWARE THE 'VOCAL MINORITY'

The 'vocal minority' is an important group of people. They are more likely to comment and they are more inclined to make negative comments than positive ones. They sometimes identify and express emerging ethical challenges in organisations, and their comments can therefore serve as an early warning signal for leaders. They also tend to feel more strongly (which can be why they offer their comments) and so they can have the capacity to influence others more powerfully.

In a sense, then, the vocal minority carries added weight and significance and their views should be taken seriously even when they do not represent the views of the majority of employees.

The 'vocal minority' comprise different population groups who share a deep sense of injustice. Among employees of colour, especially Africans, there is frustration and anger over the lack of transformation and the persistent inequalities and inequities in South Africa. Among white employees, there are feelings that it is time to move on from the past and that they don't deserve to be penalised for the evils of apartheid.

These tensions of course exist in broader South African society. Given that business is a microcosm of that society, it is not surprising that they have pervaded the organisations surveyed by the Ethics Barometer. Business should be aware of the voices of the 'vocal minority'. Ignoring them may well result in growing and dangerous discontentment.

Standout Insight #6

BUSINESS AS A FORCE FOR GOOD

Building trust, securing the conditions for success

On the whole, employees had positive perceptions about how their organisations engage with broader society. This is indicated by *Figures 13* and *14*:

ENGAGEMENT WITH BROADER SOCIETY

	LABEL	BEHAVIOUOR	SCORE OUT OF 100
1	Supports regulation	Supports the aims of regulatory authorities	83
2	Responsible Taxpayer	Pays its taxes responsibly	83
3	Complies with law	Always seeks to comply with the law and regulations	81
4	Contributes to needy causes	Makes impactful contributions to needy causes	80
5	Actively develops Society	Is active in the development of South African society	80
6	Avoids negative future impact	Avoids activities which would negatively impact future generations	78
7	Protects Environment	Is actively involved in protecting our natural environment	78
8	Respects diverse cultural groups	Is sensitive and respectful to diverse cultural groups in society	78
9	Impact beyond profit	Doesn't only care about making money, but also about making a positive impact	78
10	Considers community needs	Considers the needs and views of comminity stakeholders	77
11	Committed to job creation	Does its best to create employment	77
12	Correcting historical wrongs	Corrects historical wrongs since it is genuinely committed to transformation	74

Figure 13
Ideally, the scores shown in Figure 4 should lie in the range between 75 and 100, indicating broad agreement that the organisation is ethical in its treatment of the stakeholder in question.

ENGAGEMENT WITH BROADER SOCIETY

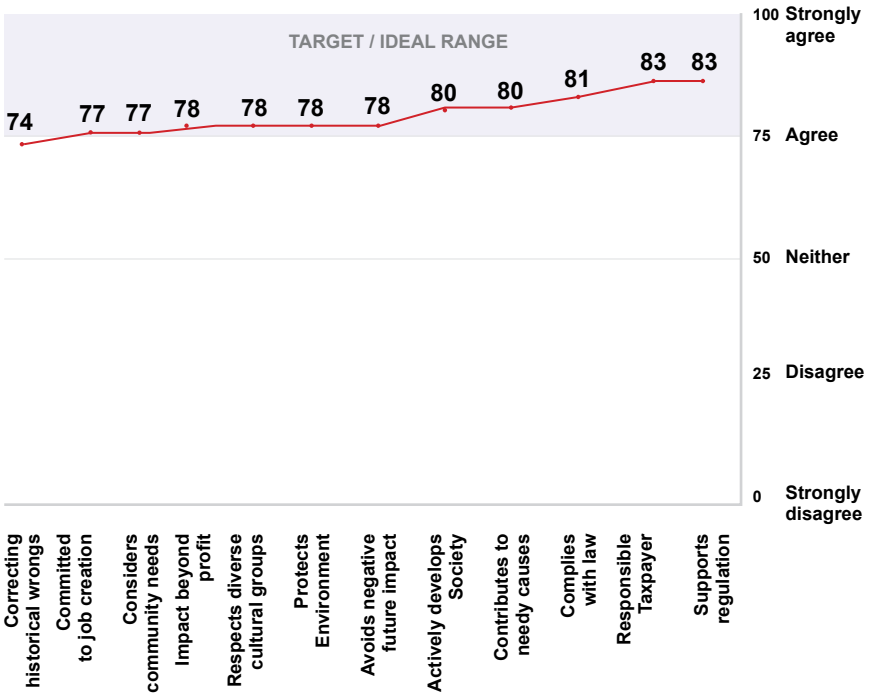


Figure 14

This positive finding was backed up by the qualitative data, and numerous employee comments such as:

> *"I like what [the company] is doing to the communities. Unemployment is becoming low because of [the company], children go to sleep with their stomachs full thanks to [the company]."*
>
> *"Making a difference to society and the community is very important to me and [the company] does that. Ethical behaviour is of the utmost importance to me, I would not work for a company that did not comply with such values."*
>
> *"I have seen [the company] assisting needy people... some colleagues benefited, which makes [the company] the best company to work for."*
>
> *"Our leaders are working very hard to improve our lives as employees, they want us to prosper and impact communities and in that way people will see the difference that the company is doing improving lives of the individuals, I salute my leaders!!!"*

However, there was again a 'vocal minority' which expressed critical views such as:

> *"We live in a country with the highest Gini coefficient in the world. Nowhere else in the world are so many people privileged and relatively comfortable while others live close to the poverty line. Company directors and senior executives have significant perks when compared to junior workers. This is not right or fair."*

> *"Corporate Directors have become the new Aristocracy in the world, senior executive pay in South Africa is well in excess of where it should be and [the company] is no different."*

Furthermore, in the focus groups with representatives from societal stakeholders (media, NGOs, Churches, trade unions, and students/youth), particularly harsh views emerged. Business was perceived as having neglected to take a proactive role in the betterment of South African society. A number of groups said that companies are solely focused on shareholder interests, and are ignoring their duties to wider society. There was a general sense that whenever ethical principles conflict with the pursuit of profits, it is the latter which dominates. The common view was that South African businesses do not voluntarily adhere to ethical principles, and only do so if held accountable. These views are fuelled by the assumption that business does not serve as a force for societal good and reflect a profoundly dangerous trust deficit in South Africa.

Paradoxically, while the societal stakeholder representatives expressed low trust in business, they also clearly had high expectations – in some cases, probably unrealistically so. It was often said that companies should step up more and play a greater leadership role in addressing South Africa's challenges. These expectations were based on the perceived power and influence of business as well as on the failures of government.

Business Leadership South Africa aims to position business as a "national asset" – a critically important objective. For this to happen, business needs to engage more vigorously with societal stakeholders – defining its purpose beyond profits and articulating its social impact while understanding their perspectives and, where possible, addressing their concerns and moderating their expectations.[13] This is crucial if business is to secure the conditions for its long-term success.

References

[13]Browne, J. (2015). Connect: How companies succeed by engaging radically with society. London: WH Allen.

Standout Insight #7

LEADERSHIP BEHAVIOURS

Confronting the 'altitude effect'

Of the 10 organisational behaviours around which employees had the least positive perceptions, two related directly to leadership behaviours: "Leaders live up to the company's values and standards" and "Managers tell the truth to employees" (see *Figure 6*). A third behaviour – "Leaders take a strong stand when it comes to right and wrong" – did not feature in the bottom 10 but its score was only slightly better.

The qualitative data deepened and enriched this finding. Of all 318 comments relating specifically to management behaviour, only 7% were positive:

- 20% (64) referred to the 'abuse of power'
- 10% (32) related to being 'disrespectful of employees'
- 9% (29) concerned 'corrective action not taken'
- 9% (29) referred to 'discrimination'
- 8% (25) described management as 'removed and unresponsive'

Typical comments about leadership included:

> *"I wish integrity was more than just a colourful poster hanging on the walls of the same place where integrity is very far. The people [leaders] are supposed to push and drive staff to excellence on a day to day basis, but instead it's about wearing suits that cover up a multitude of sins."*

> *"A culture of fear exists as regards giving leadership bad news and because poor information is provided, sub optimal decisions are sometimes made."*

> *"The standards and expectations for the lower level staff are very high but top level get away with a lot and no one talks."*

> *"We are not happy the way our management treat us or speaks with us. Sometimes they have to be reminded that we are here at [the company] to work, not to be bullied. We are also human beings as staff, we also have our own problems at home, but we don't bring it to work. We, as the staff, are asking for respect from management..."*

The tension between employee expectations and perceived leadership behaviours could to some extent be explained by what Paine, Deshpande and Margolis call the 'altitude effect'.[14] The term highlights a widespread tendency: the higher one rises in an organisation, the rosier one's views are likely to become. This tendency is profoundly dangerous because it disconnects those in senior positions from the remainder of their organisations. As leaders become more and more powerful, they run the risk of getting increasingly out of touch. By facilitating a process of self-reflection for leaders (as described above in *A Process of Self-Reflection*), the Ethics Barometer aims to confront the 'altitude effect'.

References

[14]Paine, L. S., Deshpande, R., & Margolis, J. D. (2011). A global leader's guide to managing business conduct. *Harvard Business Review 89* (9). Retrieved from https://hbr.org/2011/09/a-global-leaders-guide-to-managing-business-conduct

Vision

2020 AND BEYOND

The Ethics Barometer will be turned into a longitudinal study, making it possible to compare companies' results over time and analyse patterns and trends. This will enable them to measure progress, and the impact of whatever practical interventions have been introduced. Most companies participating in the first phase have already indicated a willingness to do so again.

The plan is to significantly expand the number of participating organisations during stage two, and to establish sectoral benchmarks (such as for the banking, insurance, mining, property, retail and SOE sectors). This will increase the relevance and value of the benchmarking for companies, and enable sectoral analyses. A number of new companies have already agreed to take part in the next phase.

The plan is also to engage with companies' external stakeholders, particularly customers and suppliers. It would be valuable to compare customer and supplier perceptions about how they are treated with employee perceptions about how those stakeholders are treated.

In due course, the aim is to extend the Ethics Barometer into other markets, particularly on the African continent. This roll-out will be in line with GIBS's increased focus and presence on the continent. Further localisation of the tool will then be required, ensuring that it is relevant to whichever contexts it is applied.

As the initiative expands and fresh learnings and insights are acquired, there will an iterative refinement of the research tool.

VISION FOR THE PROJECT

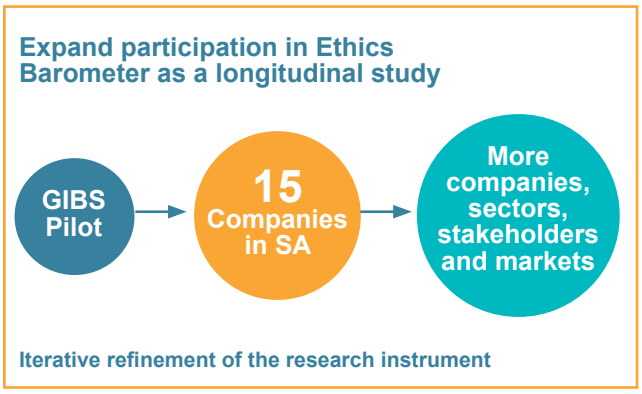


Figure 15

Conclusion

The Ethics Barometer unearthed a number of positive findings. These included:

- Widespread agreement about the importance of ethical behaviour.
- Generally positive employee perceptions about how organisations engage with external stakeholders, from customers and suppliers to broader society.
- High perceived performance levels in the treatment of customers: addressing concerns and complaints; keeping promises; fair treatment; and having clear terms and conditions.
- High perceived performance levels in respect of corporate governance: paying taxes responsibly; supporting the aims regulatory authorities; complying with the law; and transparent financial reporting.
- High perceived performance levels in terms of social impact and contribution: having a purpose beyond profits; being active in the development of society; being committed to creating jobs; making impactful contributions to needy causes; and taking steps to avoid negative future impact.
- Mostly positive views about organisations being genuinely committed to transformation.

There were several findings which may raise red flags:

- The 'external vs internal' gap - the less positive view of how companies engage with employees in comparison to how they deal with external stakeholders.
- Problems of respect, fairness and trust.
- Issues of bullying and intimidation.
- Reluctance and fear to speak out.
- Perceived shortcomings in leadership behaviours.
- Discrimination on the basis race and gender.
- Perceived lack of diversity and inclusion.
- Less positive views which employees of colour, particularly Africans, have in regard to hiring, promoting, supplier selection and equity ownership.
- Critical views which external stakeholder groups have of business, and the combination of low trust and high expectations.

At HBS they speak about a 'new performance standard' for world-class organisations, distinguished by the achievement of both financial and ethical excellence.[15] The Ethics Barometer seeks to facilitate a process of self-reflection for SA business. Like any process of self-reflection, this can be an uncomfortable experience, unearthing harsh perceptions and perspectives. But we would argue that this is necessary if companies are to more effectively manage their ethical performance and ultimately achieve ethical excellence – a hallmark of any world-class organisation. This, in turn, is critical to help build trust and ensure the conditions for success of SA business.

It is therefore our hope that the companies and sectors participating in the Ethics Barometer will continue to expand and that eventually measuring ethical performance will become part of the 'new normal' in SA business.

References

[15]Paine, L. S. (2004). *Value shift: Why companies must merge social and financial imperatives to achieve superior performance.* New York: McGraw-Hill.

Appendix

OVERVIEW OF METHODOLOGY

The GIBS Ethics Barometer provides qualitative and quantitative research findings sourced through the following means:

- A quantitative electronic survey with open-ended comments.
- Qualitative data analysis of open-ended comments.
- Focus groups with external stakeholders.

The study adopted a cross-sectional survey research design.

OVERVIEW OF METHODOLOGY

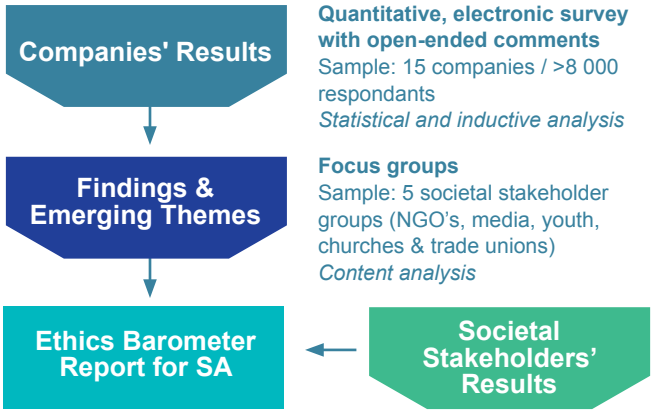


Figure 16

POPULATION AND SAMPLE

The population for the study documented in this report was defined as the employees of the 15 South African organisations participating in the research. The survey was accessed by 8,344 individuals, resulting in 6,012 fully completed responses to the survey instrument (partially completed responses were also analysed).

SURVEY INSTRUMENT

The survey instrument measured 68 behaviours, each represented as a closed-ended questionnaire item clustered into six key constructs [see *Figure 2*].

Respondents were asked to rate each item on the basis of a five-point Likert scale, and in the case of the *Avoidance of Misconduct* construct, a three-point frequency scale.

RESEARCH METHODOLOGY

Employees were asked to provide their view on two dimensions:

How widespread

The extent to which each behaviour is perceived to be displayed in the organisation

SCALE	ASSIGNED A VALUE OF
Strongly agree	100
Agree	75
Neither agree nor disagree	50
Disagree	25
Strongly disagree	0
i don't know / unable to answer	excluded

How important

The importance of each behavior, based on employees' personal values

SCALE	ASSIGNED A VALUE OF
Extremely important to me	100
Quite important to me	75
Neither important nor unimportant	50
Not that important to me	25
Not important to me at all	0
i don't know / unable to answer	excluded

Figure 17

In the case of the *Avoidance of Misconduct* construct, respondents were asked whether they had observed 18 specific types of misconduct in their organisation over the past 24 months, and could select from three answers:

- No, I haven't seen this happening
- Yes, I've seen it happening sometimes
- Yes, I've seen it happening often

The responses to these questions provided the quantitative data analysed for this report. In addition, for each of the six main constructs, participants were given the opportunity to provide open-ended comments which resulted in verbatim comments, which made up the qualitative data analysed for this report. The self-completion survey instruments were distributed electronically.

QUANTITATIVE DATA ANALYSIS

The number of participating companies was deliberately limited to 15 for the inaugural 2019 report. This followed an initial pilot project which began with 241 GIBS employees.

The 15 companies represent significant sectoral diversity and are among the largest and most influential companies in their respective sectors. The following sectors were represented: financial services, banking, insurance, mining, retail, property, leisure and professional services.

The completed questionnaires were captured, cleaned and checked, before being coded and analysed. A full set of descriptive statistics was prepared by the research team.

All constructs were tested for reliability and a Factor Analysis was conducted. Differences in values across selected groupings were analysed using ANOVA (Analysis of Variance), with tests for appropriate assumptions being validated.

QUALITATIVE DATA ANALYSIS

In order to protect the identity of the respondents, the qualitative data was analysed separately from the quantitative data. The qualitative data was analysed using Atlas.ti, a qualitative data analysis software program, in an iterative three-stage process. Firstly, researchers conducted a preliminary coding and sorting of the data to ensure that it was aligned with the key constructs which formed the foundation of the Ethics Barometer study. At this point, an initial set of 'exemplary' verbatim quotations was identified. These quotations were selected to highlight and illustrate key findings from the quantitative study.

Next, researchers conducted a first cycle coding of the data within each of the broad Ethics Barometer constructs. This process involved line by line inductive coding of the data, in such a way that the codes could both summarise the data as closely as possible and enable the identification of patterns across the data set. Once the first cycle coding was completed, the codes were grouped into meaningful categories. At this point, the qualitative data was quantified, so that frequencies could be identified and the patterns confirmed.

Finally, a second cycle of analysis involved the refinement of codes, the identification of categories and the re-configuration of the categorisation scheme. The result was a data set comprising almost 7,000 verbatim quotations (provided by 34% of sampled employees) which underpinned and enriched the quantitative findings and were integrated with the quantitative data in the articulation of the conclusions.

REPORTING

The quantitative and qualitative data and analysis forms the basis of this formal report and the conclusions drawn. All information and comments were aggregated and anonymised into the general data, allowing the researchers to construct a national benchmark.

As part of the report-back process, each participating organisation received company-specific feedback from the GIBS Ethics Barometer team as part of an iterative process of presentations and leadership engagements. Each company received a detailed report into their specific findings.

RESULTS BY CONSTRUCT

TREATMENT OF CUSTOMERS

	LABEL	BEHAVIOUOR	SCORE OUT OF 100
1	Customer Complaints	Takes the concerns or complaints of customers seriously and does its best to address them	85
2	Customer Promises	Keeps its promises to its customers	82
3	Fair Customer Treatment	Treats customers fairly	81
4	Clear Terms	Products or services have clear terms and conditions	80
5	Fair Prices	The prices of products and services fairly reflects their quality	75

Figure 18

TREATMENT OF CUSTOMERS

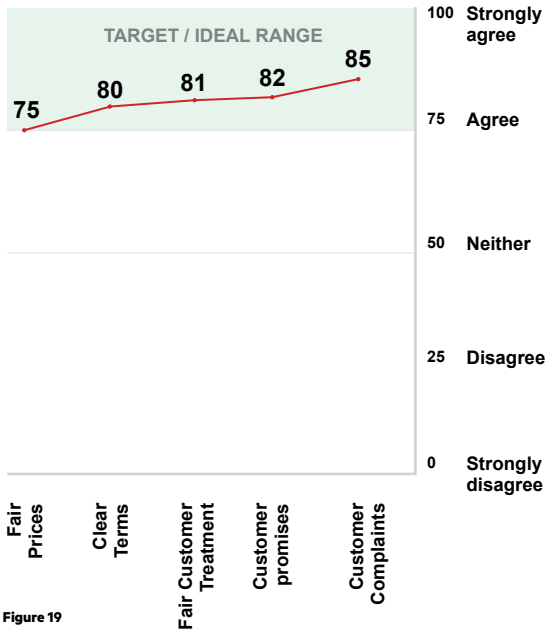


Figure 19

TREATMENT OF SUPPLIERS

	LABEL	BEHAVIOUOR	SCORE OUT OF 100
1	Supplier Promises	Keeps its promises to its suppliers	79
2	Pays Suppliers on Time	Pays suppliers on time	75
3	Fair Supplier Selection	Selects suppliers in a fair and responsible way	75

Figure 20

ORGANISATIONAL CULTURE & PRACTICES

	LABEL	BEHAVIOUOR	SCORE OUT OF 100
1	Financial Reporting Info	Includes all relevant information in its financial reporting	80
2	Best Company Interest	People act in the best interests of the company	71
3	Avoid Wasting Money	People are careful about not wasting the company's money	65
4	Leaders Take a Stand	Leaders take a strong stand when it comes to right and wrong	64
5	Employee Opinions Valued	Values the opinions of employees	63
6	Live Ethical Values	Leaders live up to the company's values and standards	62
7	Credit Colleagues Ideas	People give credit for their colleagues' ideas	62
8	Responsibility for Mistakes	People own up and take responsibility when they make a mistake	60
9	Employees Truthful	Employees tell the truth to managers	60
10	Managers Truthful	Managers tell the truth to employees	58
11	No Double Standards	There are no double standards for different groups of employees	55
12	Free to speak	People feel free to speak out against wrongdoing wihout fear of retaliation	52

Figure 22

TREATMENT OF SUPPLIERS

Figure 21

ORGANISATIONAL CULTURE & PRACTICES

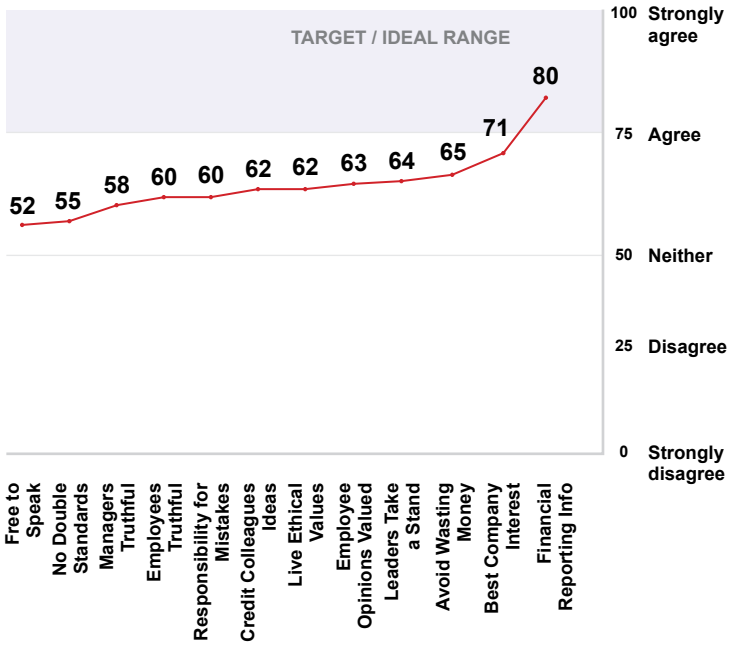


Figure 23

TREATMENT OF EMPLOYEES

	LABEL	BEHAVIOUR	SCORE OUT OF 100
1	Avoid Job Cuts	Does not cut jobs unless it is necessary, and only in a manner that is humane and fair	75
2	Values Employee Well-being	Values the safety and wellbeing of its employees	74
3	Respect Employee Privacy	Respects employees' privacy	71
4	Embraces Diversity	Embraces diversity and inclusion	71
5	Respects Trade Unions	Respects the role of trade unions	68
6	Fair Employment Processes	Follows a fair process when employing people	68
7	Employee Promises	Keeps its promises to its employees	67
8	Fair Disciplinary Procedures	Disciplinary prodedures are applied fairly	65
9	Address Employee Concerns	Takes the concerns of employees seriously and does its best to address them	63
10	Treat Employees with Respect	Everyone is treated with respect	63
11	Fair Pay	Pays people fairly	56
12	Fair Promotions	The way people are promoted is fair	54

Figure 24

TREATMENT OF EMPLOYEES

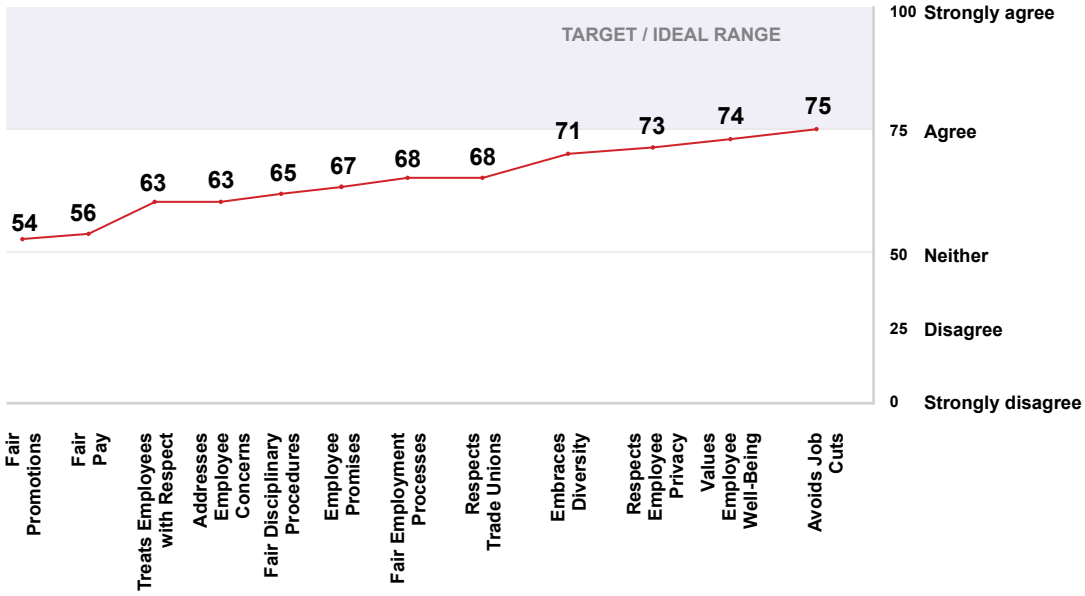


Figure 25

TREATMENT OF EMPLOYEES

RACE	AFRICAN	COLOURED	INDIAN	WHITE
African				
Coloured	✗			
Indian	✗	✗		
White	✓	✓	✓	

White employees have significantly more positive views about how employees are treated than employees of colour and in particular African employees

TENURE	< 1 YEAR	1-3 YEARS	3-5 YEARS	5-10 YEARS	> 10 YEARS
< 1 year					
1-3 years	✓				
3-5 years	✓	✗			
5-10 years	✓	✗	✗		
> 10 years	✓	✗	✗	✗	

Newer employees have significantly more positive views about how employees are treated than those who have been with the organisition for longer

GENDER	MALE	FEMALE
Male		
Female	✓	

Males have significantly more positive views about how employees are treated than females

GENERATION	GENERATION Z	MILLENNIALS	GENERATION X	BABY BOOMERS	SILENT GENERATION
Generation Z					
Millennials	✓				
Generation X	✗	✓			
Baby Boomers	✗	✓	✗		
Silent Generation	✗	✗	✗	✗	

Millennials have significantly less positive views of how employees are treated than other generations

✓ *Statistically significant difference*
✗ *No statistically significant difference*

Figure 26

ENGAGEMENT WITH BROADER SOCIETY

See *Figures 13* and *14*

TYPES OF MISCONDUCT

	BEHAVIOUR	% OF EMPLOYEES WHO HAVE OBSERVED THIS OVER THE PAST 24 MONTHS	
		SOMETIMES + OFTEN	OFTEN
1	Tolerating bullying and intimidation in the work-place	22%	6%
2	Discriminating on the basis of race	20%	6%
3	Stealing company property (such as assets or cash)	15%	2%
4	Discriminating on the basis of gender	13%	3%
5	Bending the rules in order to meet targets	13%	3%
6	Misusing company property (including confidential information, trade secrets, funds or equipment)	12%	2%
7	Tolerating sexual harassment in the work-place	7%	2%
8	Accepting gifts or entertainment in return for favours	6%	1%
9	Pressuring employees to engage in wrongdoing	5%	1%
10	Taking unfair advantage of customers who have no choice but to use its products or services	5%	1%
11	Stealing content or ideas from competitors that is confidential or not in the public domain	5%	1%
12	Tolerating violence in the work-place	4%	1%
13	Offering bribes in return for favours or special treatment	3%	1%
14	Misusing confidential customer information	3%	1%
15	Winning business from other compnaies in an unfair way	2%	0%
16	Gaining the support of politicians or pollitical parties by making donations to them	2%	0%
17	Making secret deals with competitors to gain an unfair advantage	2%	1%
18	Winning government contracts in an unfair way	1%	0%

Figure 27

FOCUS GROUPS

In addition to the qualitative and quantitative data analysis, a separate content analysis saw 27 participants taking part in group discussions with representatives from stakeholder groups outside business (trade unions, the media, NGOs, youth and churches). The intention was to gauge the perceptions and expectations that societal stakeholders have of business.

To ensure consistency in the issues covered, a discussion guide was developed and eight two-hour focus groups were conducted.

Notes were taken during the focus groups, and the key issues emerging from discussions were documented and laid out in a thematic analysis of the data set, making use of an iterative approach.

ETHICAL CONSIDERATIONS

The respondents were protected from harm throughout the research process by adhering to the principles of good ethical conduct as defined by University of Pretoria's guidelines and approved by the GIBS Ethics Committee. All respondents in this study were anonymous – no names were requested in the survey questionnaire. Any references made in the qualitative data that could identify individuals or organisations were deleted or anonymised. As part of the questionnaire, the study purpose and how the information was to be used were explained to the participants. The principle of voluntary participation based on informed consent was applied in the case of each questionnaire completed. No incentives were offered for participation in the survey.

ACKNOWLEDGEMENTS

Thanks to Professors Lynn Paine, Rohit Deshpande and Joshua Margolis of Harvard Business School for generously agreeing to allow GIBS to work with and draw on the GBS (Global Business Standards) Codex.

Thanks to Marius Oosthuizen, who played a crucial role in this initiative, and to other GIBS faculty and staff who made critical contributions: Professor Nicola Kleyn, Professor Danie Petzer, Dr Kerrin Myres, Brian Isaacson, Jadey Bosman, Dr Manoj Chiba and Professor Louise Whittaker.

Thanks to GIBS' implementation partners in the development, management and roll-out of the Ethics Barometer:

Dr Gavin Symanowitz, Feedback Rocket

Jenny Greenblatt, DMSA (Data Management and Statistical Analysis)

For more information, please contact:

Gideon Pogrund, Director: GIBS Ethics and Governance Think Tank

pogrundg@gibs.co.za

Gordon Institute of Business Science
University of Pretoria

26 Melville Road, Illovo, Johannesburg
P O Box 787602, Sandton, South Africa, 2146
011 771 4000 | Acumen@gibs.co.za

© 2020 Gordon Institute of Business Science. All rights reserved.