



MEASURING THE EFFECTIVENESS OF THE CODE OF CONDUCT FOR SCM PRACTITIONERS WITHIN THE WESTERN CAPE GOVERNMENT

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by

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DECLARATION

I, Mzonyana Enoch Sidinana (student number: 36456063), declare that "MEASURING THE EFFECTIVENESS OF THE CODE OF CONDUCT FOR SCM PRACTITIONERS WITHIN THE WESTERN CAPE GOVERNMENT" is my own work and that all sources that I have used or quoted have been indicated and acknowledged by means of complete references. I have not previously in its entirety or part submitted it for obtaining any qualification at any other university.



ME Sidinana

18/03/2014

Date

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ABSTRACT

MEASURING THE EFFECTIVENESS OF THE CODE OF CONDUCT FOR SCM PRACTITIONERS WITHIN THE WESTERN CAPE GOVERNMENT

Unethical behaviour is now recognised as one of the South African (SA) government's greatest challenges in the public sector. The Public Service Commission (PSC) has stated that the five most common manifestations of the unethical behaviour which is on the increase in the SA public sector are corruption, fraud and bribery, mismanagement of government funds, abuse of government resources and procurement irregularities. The focus of this study is on the analysis of the effectiveness of the code of conduct for the SCM practitioners. It is an important task for the Western Cape Government (WCG) in ensuring that all the relevant employees are aware of such code. This study proposes a conceptual framework that has been developed from literature to assist WCG in effecting the said code, with the aim of improving supply chain management performance. The effectiveness was exploratively tested by means of empirical research to determine whether all the relevant employees are aware of the code of conduct for the SCM practitioners. The study concluded that the code of conduct for the SCM practitioners is not fully effective within the Western Cape Government, as some of the participants lack awareness of the said code.

Key terms: business ethics, code of conduct, code of ethics, unethical behaviour, ethical dilemma, employee awareness, supply chain management.

LIST OF ABBREVIATIONS AND ACRONYMS

AGSA	Auditor-General South Africa
AO	Accounting Officer
B-BBEE A	Broad-Based Black Economic Empowerment Act 53 of 2003
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
Code	Code of Conduct
Constitution	Constitution of the Republic of South Africa Act 108 of 1996
CCAR	Country Corruption Assessment Report
DotP	Department of the Premier
DPSA	Department of Public Service and Administration
DTPW	Department of Transport and Public Works
HOD	Head of Department
HRM	Human Resource Management
NACF	National Anti-Corruption Forum
NGO	Non-Governmental Organisation
OCI	Organizational Conflict of Interest
OECD	Organization for Economic Co-operation and Development
PCCAA	Prevention and Combating of Corruption Activities Act of 2004
PDA	Protected Disclosure Act of 2000
PFMA	Public Finance Management Act 1 of 1999

PPPFA	Preferential Procurement Policy Framework Act 5 of 2000
PSC	Public Service Commission
RSA	Republic of South Africa
SA	South Africa
SAPS	South African Police Service
SCM	Supply Chain Management
WCG	Western Cape Government

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CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1. INTRODUCTION

Collusion and corruption are distinct problems within public procurement: they may frequently occur in tandem, and have mutually reinforcing effect. They are best viewed, therefore, as concomitant threats to the integrity of public procurement (OECD, 2010). Furthermore the distinctiveness of public procurement and its context makes the process particularly vulnerable to collusion and corruption, while also increasing the magnitude of harm that these offences cause.

Corruption is the abuse of public power for private gain (World Bank, 2012). Corruption, while being tied particularly to the act of bribery, is a general term covering misuse of authority as a result of considerations of personal gain, which need not be monetary (Agbibo, 2012). Corruption can be described according to where it occurs: at the political or bureaucratic levels of the public sector, or within the private sector (Zurawicki & Habib, 2010).

In recent years, international organizations, governments and the private sector have come to view corruption as a serious obstacle to democratic government, quality growth and national and international stability. There is now an increased interest in, and need for, anti-corruption policies and measures that have proven effective (UNODCCP, 2001). One could argue that while good governance refers to the ideal of any government, corruption is like a cancer that destroys good governance to the detriment of the society as a whole (Van Niekerk & Olivier, 2012).

According to Ertimi & Saeh (2013), corruption is not a new issue, but has continuously existed in many societies. The level of corruption grows and shrinks over time. Corruption is legally wrong, morally wrong and economically indecent (Ertimi & Saeh, 2013). Furthermore, there is a consensus in the literature that corruption is harmful for a society. It distorts income distribution, discourages investments, causes inefficiencies and the waste of resources and harms democracy and ethics. The impact of corruption on the

public sector and its citizens, as well as national and international investors, has caused South Africa to enforce anti-corruption strategies (NACF, 2011).

Corruption is a persistent feature of human societies, affecting adversely many of the proxy causes of economic growth, and may have little average effect on the growth rate of real GDP per capita. High levels of corruption go hand in hand with a lack of political accountability and with disrespect for property rights (Ionescu, 2013). Furthermore, there is a strong negative correlation between corruption and growth in genuine wealth per capita, applying equally to perceived corruption and to managers' actual experience with corruption. The most commonly used by most organisations in managing behaviour, and that has become compulsory in some countries, is the Code of Conduct.

1.2. BACKGROUND TO THE STUDY

The purpose of this assignment is to evaluate the effectiveness of the current Code of Conduct for Supply Chain Management (SCM) Practitioners in order to promote a high standard of professional ethics in the workplace, as public servants are encouraged to think and behave ethically. Secondly, to analyse the effectiveness of the policies and prescripts that govern supply chain management in South Africa as a whole.

South African Public Sector is consumed with excessive fraudulent and corrupt activities through tending processes of goods and services. The question that needs to be asked is whether the supply chain management procedures and policies are effective enough to promote ethical behaviours. Is this because SCM policies or prescripts are not descriptive enough to be understood or do the SCM officials just choose to ignore the requirements of procurement?

For instance, the Auditor-General South Africa (AGSA), Mr Terence Nombembe, reported that the department of public works, under the leadership of Gwen Mahlangu-Nkabinde, was the only national department that received a disclaimer of opinion, i.e. when the AG cannot commit to an opinion on the audited financial report (AGSA, 2010-2011).

The Department of Public Service and Administration (DPSA) Minister, Lindiwe Sisulu, announced on Friday 12 July 2013 that, "The South African government is to launch an anti-corruption bureau to deal with corruption at all levels of the public service. This said bureau will put paid to the "mobile" corrupt employee who, charged with corruption in one province, resigned before the case was heard, moved to another province or municipality to find employment and carried on with corrupt activities. The Government has identified this important loophole and have put a stop to it, because we will now have one central database that will help us contain this abuse" (SANEWS, 2013).

Sisulu further said that a decision had been taken that no corrupt public servant would be allowed to do business with government. This was to ensure that an environment of corrupt practices was not allowed to flourish. Furthermore, the corruption existed at two levels, i.e. at the level of direct bribery of officials and at the level of procurement processes (SANEWS, 2013).

It is evident that supply chain management practitioners who knows and understands the procurement processes are always involved in corruption or behave unethically, as the Minister of Public Service and Administration, Lindiwe Sisulu, has indicated that procurement processes is one of the levels where corruption exists. It is clear that the code of conduct can be established but if it is not implemented effectively through discipline no one will believe or understand the importance of it.

The study is about promoting mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner. According to Mle & Maclean (2011), trust can be defined as willingness to believe that one can rely on the goodness, strength and ability of someone else to, for example, render a service or perform a task or function. It is, however, unfortunate that this trust by citizens in elected and appointed officials is sometimes betrayed.

Furthermore, this unethical conduct reduces public trust and confidence in the integrity and impartiality of the appointed and elected office bearers. This leads to a loss of investor confidence in a country whose public sector is marred by unethical practice. If public officials could have a perception of themselves as being the trustees for the public good,

they would act ethically so as to be able to answer their actions (Mle & Maclean, 2011:1374).

Adopting an ethical code may be considered a way to formalise, encourage and guide responsible behaviour among employees and organizations (Rodriguez-Dominguez, et al., 2009). Ethics in business is not an option – it is not only necessary, but an absolute requirement for success. Codes should be clear, so that the behaviour that is expected or denied a person is easily understood, and be comprehensive, so that reference to the code will aid effecting solution (Payne & Dimanche, 1996).

The company believes in being an integrated organization and that the action of every employee is obligated to strive for the extension of the Company's interests within legal limits, and responsible for preventing damages or loss of the Company's interests. The company expects all employees to abide by this Code in carrying out their duties and functions so as to preserve public trust and to ensure the company's sustainable growth and development (UMC, 2012).

1.3. PROBLEM STATEMENT

The research problem resulted from the continuous misuse of state resources on procurement of goods and services for the state. According to the Public Protector, Thuli Madonsela, "South Africa is at a "tipping point" in its battle against "endemic" corruption". Furthermore, South Africa needed selfless leadership and an end to impunity in its battle against maladministration and corruption (Madonsela, 2012).

The Auditor General of South Africa, Mr Terence Nombembe, has reported that, "The areas that need robust controls include supply chain management, reporting on predetermined objectives, the management of human resources, information technology controls and the quality of financial statements submitted for auditing", and declared that most national and provincial departments as well as municipalities have not received a clean audit report. Most issues highlighted have to do with the supply chain management processes (AGSA, 2012).

From the above comment by the Public Protector and the Auditor-General, it is evident that South Africa is faced with major challenges of derailing service delivery due to the maladministration by the supply chain practitioners. Because of this problem, research study is to be developed to determine better options to improve service delivery through the effective application of supply chain management procedures and principles.

Fraud and Corruption is a very serious problem for both the public and the private sector, especially the current South African government. It has been said that it undermines government's efforts to deliver quality services to its citizens. It diverts resources away from development programmes, thus increasing poverty, inequality and under-development. It complicates sustainable development and hits the poor particularly hard. Efforts are therefore being intensified to combat fraud and corruption in state institutions and to ensure perpetrators of such deeds are brought to book. One of the key challenges faced in the fight against this scourge is the low reporting rate of corruption within the private and public sectors.

According to Buchholtz & Carroll (2012:362), corruption is a "behaviour on the part of officials in the public sector, whether politicians or civil servants, in which they improperly and unlawfully enrich themselves, and those close to them, or induce others to do so, by the misuse of the public power entrusted to them. This would include embezzlement of funds, theft of corporate or public property as well as corrupt practices such as bribery, extortion or influence peddling".

The Public Protector, Advocate Thuli Madonsela, at the launch of Corruption Watch (2012), stated that "the protection of whistle-blowers is critical to curb corruption and that openness and transparency should not be negotiable". Furthermore, Madonsela added that "Free flow of information is an equally important key. Media freedom and impartiality can never be over-emphasised in the fight against corruption and the promotion of good governance" (Naidoo, 2012). Despite efforts made to prevent and curb corruption in the public sector, it is evident that a number of obvious loopholes exist.

Although government put in place numerous pieces of legislation and even anti-corruption strategies, it would appear that government commits itself to the fight against corruption

mostly on paper and in speech, in that many cases of fraud, theft, misappropriation and gross negligence that involved bribery are reported in the mass media (Van Niekerk & Olivier, 2012).

1.4. RESEARCH OBJECTIVES

The general objective of the study was to measure the effectiveness of the code of conduct for supply chain management practitioners within the Western Cape Government:

- a) Assess official awareness about factors influencing ethical behaviour, integrity, values and objectives of the Western Cape Government.
- b) Assess the relative importance of the code of conduct for supply chain management practitioners in the Western Cape Government.
- c) Examine the role of the Western Cape Government in instilling the highest principles and standards of ethical supply chain management.
- d) Provide practical recommendations on strengthening the code of conduct for supply chain management practitioners within the Western Cape Government.

1.5. RESEARCH HYPOTHESES / QUESTIONS

1.5.1. Hypothesis

Hypothesis is defined by Leedy & Ormrod (2010:4) as “a logical supposition, a reasonable guess, and an educated conjecture”. And they further said that, “it may direct your thinking to possible sources of information that will aid in resolving one or more sub-problems and, in the process, the principal research problem”.

- a) Ethics Department or Directorate is not established within the provincial government where the code of conduct and other related ethical policies are to be disseminated through intense training, workshops and/or road shows.
- b) Code of Conduct is not effectively (and consistently) communicated by management in their staff meetings in order to instil better moral behaviour.

- c) The principles of Batho Pele are not fully communicated to all the employees, irrespective of their levels (hierarchy), as unethical behaviour affects everybody.
- d) Unethical behaviour that is not dealt with properly has a huge impact on the organisation.
- e) All politicians or members of parliament are not subject to disciplinary action if found guilty of acting unethically, except for being removed from their positions.

1.5.2. Research Questions

Based on the problem statement of this study, the following research questions were asked:

- a) Which elements (or characteristics) of the Code of Conduct can be identified in order to promote a high standard of professional ethics in the work place which would encourage public servants to think and behave ethically?
- b) How effective are the elements (or characteristics) used by the State, i.e. Western Cape Government, to make the code of conduct more understandable to all public servants by means of creating their own examples related to their particular environment?
- c) Can elements of the code of conduct be used as an aid in developing and presenting short training courses or a conceptual framework for all the Western Cape Government employees? Will the aid or conceptual framework help the public servants to determine the extent to which they understand the importance of encouraging ethical behaviour and show them how to improve these practices, if necessary?
- d) Is the Code of Conduct for SCM Practitioners effectively published to all supply chain management practitioners or to all employees, as ethics, integrity, values and professionalism apply to all employees irrespective of their core function or position?

- e) Does Western Cape Government conduct fraud risk assessments as a small project on preventing fraud and corruption within provincial departments? What about the anti-corruption strategic framework that was launched by the Department of Public Service Administration that have the tailor-made strategies to address daily ethical challenges?
- f) Are the key elements of ethics communicated effectively to all public servants and the complicated legislations unbundled in order to create an anti-fraud culture of awareness, deterrence, prevention, detection, investigation, sanction and redress?

1.6. SCOPE/SIGNIFICANCE OF THE STUDY

The study is to provide the following benefits:

- Comprehensive understanding of the strategic and management implications of unethical standards in supply chain management in order to re-design policies that are intended to promote high ethical behaviour and fair treatment to all its stakeholders
- To provide full understanding of the intended objectives of ethics in supply chain management environment and how they are currently implemented, and the recognition of the strategic and management gaps being identified with the options to address them.
- Full understanding of the situational analysis of the province as a whole, in order to suggest the best ethical principles and standards that would enable supply chain management practitioners to be willing to conduct their businesses in an ethical manner.
- The supply chain management professionals have the responsibility to at least be aware, if not have a thorough understanding, of ethical issues in procurement and supply chain and to endeavour to address problem areas in a positive manner.

- Growing people's awareness of these issues and increasing expectations of companies' responsibilities.

1.7. LIMITATIONS OF THE STUDY

This research study is limited to the Western Cape Government (WCG), which is represented by 13 departments, led by the Premier and 10 Members of the Executive Council (MEC's) (WCG, 2010). The sample is drawn from the below mentioned departments as their budgets is chiefly spent on supply chain management related activities. These departments would give a clear picture of how effective the code of conduct is for SCM practitioners within the Western Cape Government:

- The Western Cape Provincial Treasury's mandate is to control and oversee the Western Cape Government finances. Giving efficient support and sustainable public financial management to promote economic development, good governance, social progress and a rising standard of the Western Cape people.
- The Department of the Premier provides legal and corporate services to – and coordinates specific provincial affairs for – the Premier, Director-General and other departments of the Western Cape Government.
- The Department of Human Settlements is responsible for developing sustainable integrated human settlements in the Western Cape. This means that they are tasked with creating human settlements that allow its residents to access social and economic opportunities close to where they live.
- The Department of Transport & Public Works is responsible for the construction and maintenance of roads, educational and health facilities, and general buildings. It also increases growth and job opportunities through various programmes and increases access to safe and efficient transport.

The Western Cape is situated on the south western tip of the African continent and is one of the nine provinces of South Africa. The province is also home to South Africa's oldest city, Cape Town. The Western Cape's natural beauty, complemented by its hospitality, cultural diversity, excellent wine and colourful cuisine, makes the province one of the

world's greatest tourist attractions. More than 5.4 million people live in the Western Cape on 129 370 km² of land (PGWC: Provincial Treasury - Provincial Economic Review & Outlook - PERO 2011). Afrikaans is spoken by the majority, with isiXhosa and English being the other main languages (WCG, 2010).

According to the report from the site, the province has the lowest unemployment rate in the country, namely 22.2% (PERO 2011), compared with the national average of 23.2%. Information and communications technology (ICT) is one of the fastest-growing sectors in the province, and operations are being expanded to other provinces. The clothing and textile industry remains the most significant industrial source of employment in the province (WCG, 2010).

1.8. DEFINITION OF CONCEPTS

- **Code of Ethics** can be defined as an official (formal) document that can be used as a guide for how people must act in an organisation and includes a set rules, principles and rules of moral and social professional conduct (Popa, et al., 2012).
- **Ethical Dilemma** is experience when an organisation feels compelled to do two things simultaneously, but is able to do one, or when it believes neither to be morally justifiable (Robinson, et al., 2003). They further characterise the situation as where entrepreneurs have to make the choices of what makes a good or bad person, a belief that needs of others should be considered, reflection on what is right or wrong action, and a desire to act in ways that are consistent with one's personal values.
- **Codes of Conduct** are statements of values, beliefs, standards, legal compliance or organizational policy and procedures that are articulated to inform those governed by the codes or hold those affected by the codes accountable to this type of ethical behaviour (Weber, 2008). Codes are further understood as the primary means of institutionalizing ethics into the culture, religion, profession, learned societies or business organizations.

- **Values** can be defined as the views expressed as statements describing objects or features of objects that have worth, and can be viewed in terms of being desirable in either a social or personal context. Values help decision makers determine what is important or worthy and are influenced by one's membership in a community or culture (Payne & Landry, 2006). According to Jiang, et al. (2011), values can be defined as those moral values that individuals hold when they engage in business activities. Values guide an individual's behaviour and can influence the entire organization.
- **Conflict of Interest** involves a personal interpretation of whether or not certain behaviour is commonly acceptable, rather than whether or not it is illegal. The onus should clearly be placed upon individuals to declare all possible instances of potential negative interpretation, before proceeding with projects (Bowen, et al., 2007).
- **Business Ethics** refers to moral rules, standards, codes or principles that provide guidelines for right and trustful behaviour in specific situations. Ethics is the branch of philosophy that deals with morality (Finken, 2008).

1.9. STRUCTURE OF THE MINI DISSERTATION

This section covers the layout of the dissertation by giving a brief overview of each chapter. This study consists of five chapters.

1.9.1. Chapter 1

In this chapter, a background to the research topic is discussed, problem statement and the reason for the study provided. This leads to the formulation of the objectives of the study.

1.9.2. Chapter 2

This chapter deals with literature review and the specific concepts related to the effectiveness of the Code of Conduct for SCM practitioners, the legislation, policies and procedures.

1.9.3. Chapter 3

This chapter would provide full discussion on research methodologies, data collection methods and research participants to be interviewed, the design and techniques to be applied in order to analyse and interpret the data collected.

1.9.4. Chapter 4

This chapter will focus on investigation, analysis and interpretation of the results of all the data collected.

1.9.5. Chapter 5

This last chapter would provide areas where the Western Cape Government needs to improve their governance processes. Conclude by providing recommendations based on the results of this study.

CHAPTER 2: LITERATURE REVIEW

2.1. INTRODUCTION

Public Service Regulations state that the Code should act as a guideline to employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationship with others. Compliance with the Code can be expected to enhance professionalism and help to ensure confidence in the public service (PSC, 2004).

The focus will be on articulating current supply chain management (SCM) prescripts and policies that govern supply chain management, as well as the Code of Conduct for SCM Practitioners, Protected Disclosure Act (No. 26 of 2000), and Prevention and Combating of Corrupt Activities Act (No. 12 of 2004).

The Public Service Commission South Africa, 2004, further emphasise that an employee:

- is faithful to the Republic and honours the Constitution and abides thereby in the execution of his or her daily tasks;
- puts the public interest first in the execution of his or her duties;
- loyally executes the policies of the Government of the day in the performance of his or her official duties as contained in all statutory and other prescripts;
- strives to be familiar with and abides by all statutory and other instructions applicable to his or her conduct and duties; and
- co-operates with public institutions established under legislation and the Constitution in promoting the public interest.

A common method of teaching organisational ethics and business ethics is to first study the strengths and limitation of different ethics though macro organisational ethics policy (Nielsen, 2001:54). A Code of Conduct is a standard document that is part of the contract between the employer and employee that forms a legal relationship between the two (Zakaria, et al., 2012).

2.2. BUSINESS ETHICS

The word “ethics” refers to issues of right, wrong, fairness and justice – no matter how slippery they are to deal with – that permeate a business’ activities as it attempts to interact successfully with major stakeholder groups: employees, customers, owners, government, and the global and local communities (Buchholtz & Carroll, 2012:23).

Ethics is the study of what constitutes good and bad conduct, including related actions and values. Ethics is concerned with the nature of specific decisions made and the goodness or badness of those decisions in terms of the consequences of those decisions (Yallop, 2012).

Ethics is a discipline that deals with moral duty and obligation and can also be regarded as a set of moral principles or values. Morality is a doctrine or system of moral conduct. Moral conduct refers to that which relates to principles of right, wrong and fairness in behaviour (Buchholtz & Carroll, 2012:234).

Business ethics is concerned with morality and fairness in behaviour, actions and practices that take place within a business context. Morality is increasingly interpreted to include questions of fairness and justice in work place, therefore, business ethics is the study of practices in organisation and a quest to determine whether these practices are acceptable or not (Buchholtz & Carroll, 2012:235). Furthermore, they distinguish between descriptive and normative ethics as follows:

- Descriptive ethics is concerned with describing, characterizing and studying the morality of a people, an organization, a culture or a society.
- Normative ethics is concerned with supplying and justifying a coherent moral system of thinking and judging.

Thompson, et al. (2010:291) argued that there are three schools of thought about the extent to which ethical standards travel across cultures and whether multinational companies can apply the same set of ethical standards in any and all of the locations where they operate:

- School of ethical universal refers to where the same standards of what is ethical and what is unethical resonate with peoples of most societies regardless of local traditions and cultural norms; hence, common ethical standards can be used to judge the conduct of personnel at companies operating in a variety of country markets and cultural circumstances (Thompson, et al., 2010: 292).
- School of ethical relativism refers to different societal cultures' customs with divergent values and standards of right and wrong; thus, what is ethical or unethical must be judged in the light of local customs and social mores and can vary from one culture or nation to another (Thompson, et al., 2010: 292).
- The school of integrative social contracts theory refers to universal ethical principles or norms based on the collective views of multiple cultures and societies combined to form a "social contract" that all individuals in all situations have a duty to observe. Within the boundaries of social contract, local cultures or groups can specify other impermissible actions; however, universal ethical norms always take precedence over local ethical norms (Thompson, et al., 2010: 295).

There is more emphasis being placed on ethics and corporate social responsibility in the business environment. This new interest in business ethics has been fuelled by the effects of unethical conduct, greed, bad management and business scandals of many business organisations (Cant, et al., 2013).

2.3. ETHICAL VALUES IN THE CURRENT CODE OF CONDUCT

National Treasury issued the code of conduct for supply chain management practitioners to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner (Treasury, 2003a). Furthermore, this Practice Note was an indication that the Government of South Africa is committed to its policy of fair dealing and integrity in the conducting of its business.

There are several potential reasons for the importance of transparency in SCM ethics that may prevent companies from having ethical dilemmas caused by other actors in the supply chain (Svensson, 2009). Furthermore, the potential inappropriate and unethical corporate actions and behaviour in supply chain may affect the companies' reputations and goodwill in the marketplace and society – events that may make their ethical images deteriorate and tarnish their ethical identity among internal (employees) and external (customers, suppliers, and the public) stakeholders.

According to Svensson & Baath (2008) SCM – ethics is of crucial importance in today's business practices, as revelations of transgression by well-known companies have once again led society to focus on the practices of its major corporate entities. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest; should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends; and, should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines (Treasury, 2003a).

Treasury (2003) states that SCM officials should ensure that public resources are administered responsibly, and should be fair and impartial in the performance of their functions. Furthermore, these officials should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. Officials should not abuse the power and authority vested in them. This Practice Note was issued to guard SCM Practitioners from unethical behaviour while procuring goods and services. The code must be accepted and internalised by the employees who are responsible for its implementation (van Zyl & Lazenby, 1999:21).

Nielsen (2001) argued that even students who may take many applied ethics courses are debating social and organisational policy issues while they learn almost nothing about private decency, honesty, personal responsibility or honour. Furthermore the current style of ethics teaching, which concentrates so much on social policy, is giving students wrong ideas. Codes represent consensus among the persons engaged in a particular, specialised occupation about proper conduct in performing their duties (O'Keefe, 1998).

2.4. ETHICAL ISSUES IN THE SCM UNITS - PUBLIC SECTOR

2.4.1. Conflict of Interest

South African law requires that “SCM practitioners should declare any business, commercial and financial interest or activities undertaken for financial gain that may raise a possible conflict of interest” (Treasury, 2003a).

Conflict of interest is a situation in which someone in a position of trust, such as a lawyer, a politician, or an executive or director of a corporation, has competing professional or personal interests which could make it difficult to fulfil his or her duties impartially. Even if there is no evidence of improper action, a conflict of interest can create an appearance of impropriety that can undermine confidence in the ability of that person to act properly in his or her position (Bowen, et al., 2007).

As government has come to rely more heavily on contractors for goods, services and advice, it needs to ensure that procurement remains competitive and that contractor performance is not compromised by outside interests. Organizational Conflict of Interest (OCI) refers to conflicts that arise because of conflicting incentives of contractors due to their own activities or the activities of related entities (Thomas, 2012).

Government contracting officers are required to identify and respond to possible OCI's during the contracting process. Furthermore, the current policy debate focuses on issues such as the definition of an OCI, the objectives of government in avoiding or mitigating OCI's, the relevant contractor relationships and activities that should be considered when identifying an OCI, and the appropriate responses of contracting officers to OCI's once identified (Thomas, 2012).

The researcher believes that every person who is the decision maker – not necessarily the SCM practitioners only – should declare their business, commercial and financial interest to avoid any conflict that may be experienced at a later stage. Declaration of business interest would mitigate officials' unethical behaviour on influencing government tender

processes so that their family members and friends may be awarded state contracts. Recently, National Treasury has published names of the individuals who have contracts with Government whilst being employees of Government.

2.4.2. Fraud and corruption

Corruption is a multi-faceted phenomenon, linking multiple issues together, such as abuse of entrusted power for private gains, low integrity, taking bribes, maladministration, fraud and nepotism (Nazari, et al., 2012). Comparative academic studies have been focused on unethical behaviour, maladministration and mismanagement in public sector organizations. From all the potential loss, fraud is the most complex and difficult one to detect because fraud represents intentional actions on the part of the client or its personnel to the client's financial statements, assets or both (Ionescu, et al., 2011).

According to Buchholtz & Carroll (2012:362), corruption is a “behaviour on the part of officials in the public sector, whether politicians or civil servants, in which they improperly and unlawfully enrich themselves, and those close to them, or induce others to do so, by the misuse of the public power entrusted to them. This would include embezzlement of funds, theft of corporate or public property as well as corrupt practices such as bribery, extortion or influence peddling”.

Collusion is ‘a secret understanding, especially for a fraudulent purpose’. Collusion is contrary to the principles of free competition. It benefits only the parties to the collusive agreement at the expense of those not privy to the arrangement (Bowen, et al., 2007). This gain may be direct or indirect. Most of the time corruption entails a confusion of the private with the public sphere or an illicit exchange between the two spheres. In essence, corrupt practices involve public officials acting in the best interest of private concerns (their own or those of others) regardless of, or against, the public interest (UN, 2001).

Governments all over the world and international organizations have designed strategies to fight corruption (Nazari, et al., 2012). Fraud and corruption is defined as follows:

- Fraud: Fraud is usually characterized as an act of wilful deceit, trickery, concealment or breach of confidence that is used to gain some unfair or dishonest advantage.
- Corruption: Corruption is a much broader and multi-layered phenomenon. It is an unethical, illegal, dishonest act aimed at obtaining an unfair gain by one or more persons. For instance, any form of unethical use of public authority for personal or private advantage; the perversion of integrity by bribery or favour, and/or an action by a government functionary that is different from the standard, in order to favour someone in exchange for a reward.

Fraud is an act of making money by making people believe something which is not true, and a deliberate deception perpetrated for unlawful or unfair gain. Fraud is not an unintentional mistake, such as incorrect accounting estimate, the application of a cost to an incorrect account or a lost inventory tag during a physical count (Ionescu, et al., 2011).

There is a strong connection between fraud and corruption, as most of the fraudsters and scammers are connected to the company or organisation where the fraud is developed. Managing the risk of fraud and corruption requires an on-going commitment to acquiring fresh knowledge and skills (Nazari, et al., 2012). Furthermore, inside thefts are very difficult to detect. Some of them could be part of the management team. Detecting fraud is the purpose of financial control and internal audit for any kind of organization (Ionescu, et al., 2011).

The South African Police Service (SAPS) defines theft as unlawful appropriation of moveable corporeal property belonging to another with intent to deprive the owner permanently of the property. In other words, theft is an unlawful act of taking or using another person's property without consent (Virtue, 2007). The Country Corruption Assessment Report (CCAR) of 2003, which identifies theft as being among the most common forms of corruption in the public sector in South Africa, is supported by the survey findings of this study (Van Der Merwe, 2006).

Many of us have wrong notions about our understanding as to what constitutes corruption and fraud (Nazari, et al., 2012). If gifts and presentations of significant amounts are given

with the intention of influencing present or future decisions in favour of the donors, it would be unethical to accept such calculated gestures (Nazari, et al., 2012).

Fraud and bribery are commonplace; therefore, to prevent these two, government needs to have in place proper procedures and protocols for rooting out corruption, as well as training and support to help people deal with the day-to-day issues of handling bribery (Boyes-Watson, 2013).

Similarly, acts of favouring close friends and relatives for employment related issues and contract works, etc. in preference to others or carried out in a manner generally not permitted or not extended to others, would also constitute fraud and corruption (Nazari, et al., 2012). Many would still argue that such acts are gratuitous in nature and as such are not unethical. Perhaps the question we should be asking is whether the recipients/beneficiaries would or would not have gotten it in the normal course (Nazari, et al., 2012).

Svensson (2009) points out that corruption reflect an underlying institutional framework. The form of political institutions can affect the level of corruption. Corrupt countries have significantly lower levels of human capital stock. Political and social consciousness will be implemented through a set of revised actions responsive to structurally embedded corruption (Ionescu, 2010). Furthermore, cooperativeness or assertiveness with governments may be lower in response to higher corruption.

The Public Service Commission (PSC) has stated that the five most common manifestations of corruption which is on the increase in the SA public sector are fraud and bribery, mismanagement of government funds, abuse of government resources, identity document fraud and procurement irregularities (Naidoo, 2012).

Corruption in global business continues to be an overarching problem. It starts with outright bribery of government officials and giving of questionable political contributions. Beyond these there are many corrupt activities, the misuse of company assets for political favours, kickbacks and protection money for police, free junkets for government officials, secret price fixing agreements, and insider dealing. The researcher shares similar views with Boyes-Watson (2013) that RSA should strengthen their procedures and protocols to

root-out corruption as this is now being recognised as one of the South African (SA) government's greatest challenges in the public sector.

In the researcher's opinion, some of the major contributors to corruption in the South African public sector have been, amongst others, unauthorized, irregular and wasteful expenditure, entrepreneurial politics, inadequate controls, inefficiency, lenient penalties by presiding officers of misconduct inquiries, low conviction rates by courts, mistrust of the government by the citizens and the waste of public resources. Moreover, South African public sector corruption is worsening on a daily basis.

2.4.3. Fronting

Fronting means a deliberate circumvention or attempted circumvention of the B-BBEE Act and the Codes (DTI, 2006). Fronting is the primary form of fraudulent behaviour, that is, deceit and misinformation (Bowen, et al., 2007). National Treasury defines fronting as giving rise to a great number of artificially created partnership and joint venture arrangements (fronting practices), where the premiums under the preference system are earned without any real contribution to achieving government's preferential policy objectives (Treasury, 2004).

Fronting commonly involves reliance on data or claims of compliance based on misrepresentations of facts, whether made by the party claiming compliance or by any other person (DTI, 2006). Verification agencies, and/or procurement officers and relevant decision-makers may come across fronting indicators through their interactions with measured entities.

Fronting takes on many forms, and is referred to as "fronting practices" (such as where a domestic worker is registered as a director with a certain company, and the BEE status of the company is used to secure large contracts), which mainly occur during the procurement process, where misrepresentations are made in tender documents.

In the researcher's opinion, fronting is an abuse of the rules governing black economic empowerment (BEE), where qualifying persons are given a seat on the Board of Directors of a company while having no decision-making power in the company, in order to qualify

the company for government contracts in terms of the Preferential Procurement Policy Framework Act. Fronting enterprises normally claim to be black-owned businesses, while they are not. They often claim to have black economic empowerment ownership in their businesses by having black people occupying top management positions. Most of the time misrepresentation happens when the enterprises want to be awarded tenders in government and/or to attain a higher price for certain goods and services.

2.4.4. Unethical Leaders

Unethical leaders do not communicate strongly what is appropriate or preferred behaviour. Management should deal directly with unethical behaviour that has been detected, to strengthen governance in any organisation or business and also to reward ethical behaviour as a means of encouraging others. Furthermore, the public sector has seen that there are unethical and even toxic leaders who exploit the loopholes in the systems and processes and seek to fulfil their personal desires at the expense of their departments (Naidoo, 2012).

However, ethical leadership is needed to resist the abuse of entrusted power for private gain as well as potential interference and to protect the anti-corruption agencies' operational independence, thus enabling good governance (Naidoo, 2012). Ethical leadership has been defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision-making" (Neubert, et al., 2013). Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices (Buchholtz & Carroll, 2012:360).

Ethical leadership encompasses both the morality of duty and obligation to avoid negative behaviours and the morality of aspiration and positive or praiseworthy behaviours. Ethical leadership reduces the prevalence of negative characteristics of the work environments, such as unethical behaviour and relationship conflict (Mayer, et al., 2012), and it contributes to the positive characteristics of the work environment, such as employees enjoying their jobs (Neubert, et al., 2009).

According to Mayer, et al. (2012), there are three key building blocks of ethical leadership, i.e. being an ethical example, treating people fairly, and actively managing morality. The first two of these building blocks are reflected in the moral person component of ethical leadership, wherein ethical leaders have desirable characteristics such as being fair and trustworthy, which is the opposite of unethical leaders. The last building block is captured by the moral manager component, whereby ethical leaders encourage normative behaviour and discourage unethical behaviour on the part of their subordinates using transactional efforts such as communicating about ethics and punishing unethical behaviour.

The researcher concurs that unethical leadership in the SA public service includes corruption, lack of responsiveness to the needs of clients, tardiness in the discharge of duties and manifestations of inefficiency and ineffectiveness. Furthermore, it indicates that corruption is a challenge to good governance mainly because of unethical leadership, and this has a detrimental effect on government performance. It is clear that some of the political and administrative leadership entrusted with state resources enrich themselves instead of acting as custodians of the state.

2.4.5. Bribery/kickbacks

The bribe is a payment made with an intention to corrupt the recipient, not for its own sake, but in the process of providing a good or service to the giver. Thus, any payment that is made with the intent of causing the person to be dishonest or betray the trust in performance of duties is a bribe (Gopinath, 2008). Bribes, illegal kickbacks, and gift giving are payments or favours to induce someone to act in favour of the bribe, gift, or kickbacks givers. Most are given to public officials to make them break laws that were made for the common good (Tian, 2008).

Kickbacks are also forms of bribery. They are payments or other types of compensation made in order to influence and gain profit from an individual or company. An individual or company uses kickbacks to gain an unearned advantage, benefit or opportunity, even if others are more qualified or offer more competitive prices (Tian, 2008).

The federal anti-kickback statute provides that any person who “knowingly and wilfully solicits, receives, offers or pays remuneration directly, indirectly, overtly or covertly, in cash or in kind” for referrals or “for purchasing, leasing, ordering any good, facility, service, or item” shall be guilty of a felony (Leaman, 2007).

According to Gopinath (2008), at a personal level, it is possible to think of behaving ethically in our relationships, where religion, culture and societal norms lay out formal or informal guidelines on what is right and wrong. However, business involves economic transactions between parties who often have no other reasons to be involved in the transaction. Thus, it is easy to put moral strictures aside and engage in a transaction that may have questionable ethical standards.

Moreover, the transactions are often conducted through the layers of an organization which creates a distance between the individuals involved in the transaction. This can further distract the individual from his or her own personal values. At other times, the individual may justify an unethical behaviour, such as paying a bribe, on the grounds that he is doing it for his organization and is not going to benefit personally (Gopinath, 2008).

Over the past decade, the UK, who has ratified the Organisation for Economic Co-operation and Development (OECD's) convention on combating bribery of foreign public officials in international business transactions - a voluntary framework aimed at reducing corruption in developing countries, has strengthened its legislation with the Anti-Terrorism, Crime and Security Act, 2001 (Hodge, 2008).

In the researcher's experience, a bribe is the gift bestowed to influence the recipient's conduct, more especially when it comes to tenders. It may be any money, good, right in action, property, preferment, privilege, emolument, object of value, advantage, or merely a promise or undertaking to induce or influence the action, vote, or influence of a person in an official or public capacity. Bribery may also take the form of a secret commission, a profit made by an agent in the course of his employment, without the knowledge of his principal.

2.4.6. Political Influence

This occurs when the politicians are involved in the procurement processes, i.e. in the decision to award tenders. The Guide for Accounting Officers /Authorities requires that each department must have tender specification, evaluation and adjudication committees in order to award tenders (Treasury, 2004). Political appointees are not employed in terms of Public Service Labour Relations Act but in terms of Public Service Commission (PSC, 1994). Political office bearers are not supposed to be involved in any tender processes because of their appointment status, and certainly not the members of the tender committees.

The President of Consulting Engineers South Africa (CESA), Naren Bhojaram, strongly states: “The state should not set up structures in competition with the private sector. They should be creating a platform and a conducive environment for the private sector to excel”, and he goes on to say that “our country already has too much political interference in public tenders, whether direct or indirect”. Furthermore, the CESA president strongly disagrees with President Zuma’s statements in a recent parliamentary debate, where he lends support to politicians being involved in private companies (CESA, 2012).

The researcher is convinced that political influence is the use of power by government officials for illegitimate private gain. An illegal act by an officeholder constitutes political corruption only if the act is directly related to their official duties, is done under cover of law or involves trading in influence.

2.5. ETHICAL POLICIES AND PROCEDURE IN SOUTH AFRICAN GOVERNMENT

2.5.1. Constitution of the Republic of South Africa, No 106 of 1996

Section 217 (i) of the Constitution of South Africa, Sub-sections (1) to (3) states that:

- 1) “When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

- 2) Sub-section (1) does not prevent the organs of state or institutions referred to in that sub-section from implementing a procurement policy providing for –
 - a) Categories of preference in the allocation of contracts; and
 - b) The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.
- 3) National legislation must prescribe a framework within which the policy referred to in sub-section (2) must be implemented.

The Constitution, 1996 sets out the basic values and principles governing public administration that should be adhered to by all those who practise public administration in the Republic. The Constitution, Clause 195 (1) (a), states: “A high standard of professional ethics must be promoted and maintained”.

Ethics are intertwined with professionalism which implies a high standard of work and the observance of certain standards or principles applicable to a particular profession. Compatible with ethics is integrity, which requires of public officials to be honest and morally upright (Mle & Maclean, 2011). The Constitution, 1996, obliges public institutions to be efficient, effective in the use of resources and accountable. Efficiency entails that services must be provided with minimal costs and effective refers to the accomplishment of the desired ends.

2.5.2. Public Finance Management Act, No 1 of 1999

Section 38 (a) (iii) of the Public Finance Management Act states that “the accounting officer for a department, trading entity or constitutional institution must ensure that that department, trading entity or constitutional institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective”. The accounting officer has a duty to maintain an effective procurement system through the development and implementation of supply chain management policies and standard operation procedure (Treasury, 1999).

Section 76 (4) (c) states that “The National Treasury may make regulations or issue instructions applicable to all institutions to which this Act applies concerning the

determination of a framework for an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective". Every Government Department or Institution should have a comprehensive procurement and provisioning system to stipulate the processes to be followed when procuring goods and services. Where the procurement and provisioning processes are not clearly stipulated, unethical behaviour is easily experienced.

2.5.3. Preferential Procurement Policy Framework Act, No 5 of 2000

The purpose of this Act is to "give effect to section 217 (3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in section 217 (2) of the Constitution; and to provide for matters connected therewith" (Treasury, 2000). To effect this Act, the Minister of Finance made regulations regarding any matter that may be necessary or expedient to prescribe in order to achieve the objectives of this Act. A new Regulations 2011 were issued on 6 June 2011 to strengthen supply chain management processes (Treasury, 2011).

2.5.4. Broad-Based Black Economic Empowerment Act, No 53 of 2003

This Act aims to establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith (DTI, 2003).

The B-BBEE Act was introduced to "establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith" (Hale, 2009).

B-BBEE addresses the economic empowerment of all black people, including women, workers, youth, people living in rural areas and people with disabilities (Hale, 2009). Diverse socioeconomic strategies are applied to redress certain imbalances of the past. Some of these are as follows:

- Management and control of black people in productive organisations is increased.
- Management and ownership of productive enterprises by communities, workers and cooperatives is established.
- Skills and human resources are developed.
- Achieving equitable representation in all occupational categories and levels in the workforce.
- Preferential procurement.
- There is investment in enterprises which are owned and managed by black people.

2.5.5. Policy Strategy to Guide Uniformity in Procurement Reform Processes in Government

A Policy Strategy to Guide Uniformity in Procurement Reform Processes in Government (2003) provides for Treasury to set standards and publish guidelines and practice notes to ensure uniform and competitive tender procedures at all levels of government (Treasury, 2003b).

- General Procurement Guidelines proclaims “Five Pillars of Procurement”: value for money, open and effective competition, ethics and fair dealing, accountability and reporting, and equity.
- The Framework for Supply Chain Management (2003) prescribes a governance framework for awarding government contracts and appointing consultants. It requires separate bid adjudication and bid evaluation committees in the tender process.
- Members of bidding committees have to declare conflicts of interest. Firms that appear on the list of restricted suppliers do not qualify as bidders and bids from firms who have engaged in corrupt practices may be rejected.

2.5.6. Prevention and Combating of Corrupt Activities Act, No 12 of 2004

This Act was established to provide for the strengthening of measures to prevent and combat corruption and corrupt activities; to provide for the offence of corruption and offences relating to corrupt activities; to provide for investigative measures in respect of corruption and related corrupt activities; to provide for the establishment and endorsement of a Register in order to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts; to place a duty on certain persons holding a position of authority to report certain corrupt transactions; to provide for extraterritorial jurisdiction in respect of the offence of corruption and offences relating to corrupt activities; and to provide for matters connected therewith (NACF, 2004).

In general terms, corruption is an abuse of power for private gain that hampers the public interest. This gain may be direct or indirect. Most of the time corruption entails a confusion of the private with the public sphere or an illicit exchange between the two spheres. In essence, corrupt practices involve public officials acting in the best interest of private concerns (their own or those of others) regardless of, or against, the public interest (UN, 2001).

According to section 12 of the Prevention and Combating of Corrupt Activities Act, “the fixing of the price, consideration or other moneys stipulated or otherwise provided for in any such contract” is an offence in respect of corrupt activities relating to contracts.

Section 13 of the PCCA lists offences in respect of corrupt activities relating to procuring and withdrawal of tenders as follows:

- 1) “Any person who, directly or indirectly, accepts or agrees or offers to accept any gratification from any other person, whether for the benefit of himself or herself or for the benefit of another person, as –
 - (a) an inducement to, personally or by influencing any other person so to act –
 - (i) award a tender, in relation to a contract for performing any work, providing any service, supplying any article, material or substance or performing any other act, to a particular person; or

- (ii) upon an invitation to tender for such contract, make a tender for that contract which has as its aim to cause the tenderer to accept a particular tender; or
 - (iii) withdraw a tender made by him or her for such contract; or
 - (b) a reward for acting as contemplated in paragraph (a) (i), (ii) or (iii) is guilty of the offence of corrupt activities relating to procuring and withdrawal of tenders
- 2) Any person who, directly or indirectly –
 - (a) gives or agrees or offers to give any gratification to any other person, whether for the benefit of that other person or the benefit of another person, as –
 - (i) an inducement to, personally or by influencing any other person so to act, award a tender, in relation to a contract, for performing any work, providing any service, supplying any article, material or sub-stance or performing any other act, to a particular person; or
 - (ii) a reward for acting as contemplated in subparagraph (i); or
 - (b) with the intent to obtain a tender in relation to a contract for performing any work, providing any service, supplying any article, material or sub-stance or performing any other act, gives or agrees or offers to give any gratification to any person who has made a tender in relation to that contract, whether for the benefit of that tenderer or for the benefit of any other person, as –
 - (i) an inducement to withdraw the tender; or
 - (ii) a reward for withdrawing or having withdrawn the tender, is guilty of the offence of corrupt activities relating to procuring and withdrawal of tenders.”

In other words: this Act prohibits any person from accepting, or agreeing to accept, any form of gratitude for themselves or someone else, or giving, agreeing or offering any form of gratification to benefit that person or anyone else, while procuring or withdrawing tenders.

2.5.7. Protected Disclosure Act, No 26 of 2000

The purpose of this Act is to make provision for procedures in terms of which employees in both the private and the public sector may disclose information regarding unlawful or irregular conduct by their employers or other employees in the employ of their employers; to provide for the protection of employees who make a disclosure which is protected in terms of this Act; and to provide for matters connected therewith (Justice, 2000).

For a disclosure to be considered protected it must fall within certain technical procedural requirements. Firstly and foremost important it depends to whom was disclosure done. Section 1 of the Act defines (Justice, 2000) “protected disclosure” as a disclosure made to-

- a) a Legal Adviser in accordance with section 5;
- b) an employer in accordance with section 6;
- c) a member of Cabinet or of the Executive Council of a province in accordance with section 7;
- d) a person or body in accordance with section 8; or
- e) any other person or body in accordance with section 9, but does not include a disclosure:
 - i. in respect of which the employee concerned commits an offence by making that disclosure; or
 - ii. made by a legal adviser to whom the information concerned was disclosed in the course of obtaining legal advice in accordance with section 5.

The reasons for disclosure are very important because people disclose as a matter of ethical or moral beliefs, as a matter of legal considerations, for the good of the public, or motivation for personal gain. When done for the first three reasons it is considered protected (Auriacombe, 2005, p. 91).

Naidoo (2012) define whistleblowing as “the disclosure by an employee of confidential information relating to some danger, fraud or other illegal or unethical conduct connected

with the workplace, be it of the employer or of his fellow employees". The Protected Disclosures Act 26 of 2000 defines whistleblowing as "to raise a concern about malpractice within an organisation". In general, whistleblowing involves calling attention to wrongful acts, usually in order to stay away from harm, although there may be other reasons that people may wish to speak out. Whistleblowers act in good faith and in the public interest to raise concerns around suspected impropriety within their place of employment.

2.6. ENFORCING A CODE OF ETHICS/CONDUCT

Codes of conduct, ethical codes, or guidelines for behaviour appear to be a clearly visible sign that an organisation is aware of the need for ethical behaviour and requires a commitment to such behaviour from its workforce (O'Dwyer & Madden, 2006). Their factors were considered encompassing the method of composing codes; the method of introducing codes to employees; the extent of code revision; the procedures in place for seeking advice or reporting violations. The design of the process of implementation of an ethical code of conduct may be viewed as an outcome of the application of specific principles prescribing formal methods, such as training, courses and means of enforcement (Adam & Rachman-Moore, 2004).

Furthermore, organisations may employ diverse mechanisms of control, ranging from documents that specify the ethical code of conduct which are used in the course of training, through the evaluation of employee performance, to enforcement procedures. In other words, enforcing ethical codes give the codes more credibility, so they can be of greater benefit to practitioners and society (Haung, 2001). Codes of ethics that are actually enforced would be most effective (Nitsch, et al., 2005). Furthermore, appropriate enforcement of a code thus contributes to its influence on organization members' behaviour.

Ethical dilemmas cause employees to search outside themselves for direction; organizations can moderate the relationship between individual cognition and behaviour through reinforcement of ethical behaviour, organizational norms, and managerial responsibility (Rothwell & Baldwin, 2007). Furthermore, ethical climates are the ethical

dimensions of organization culture that members perceive to be the ethical norms and identity of organizations.

Ethics codes are unlikely to be living documents within a company unless there are sanctions applied when violations are discovered (O'Dwyer & Madden, 2006). Furthermore, "when unethical actions are not dealt with, word spreads that the organisation is not really interested in ethics. In some cases, a demotion, rather than firing, may be sufficient to make this point". Haung (2001) contended that the codes of conduct are virtually ineffective without some sense of overall commitment from individuals who practice in the field. However, Nitsch, et al. (2005) argued that enforcement relies in part on the willingness of organization members to report violations of the code, but research from the business and educational environment suggests that fewer than half of those who observe code violations follow their organization's procedures for reporting them.

2.7. IMPORTANCE OF THE CODES

Professional codes of conduct have developed to reflect the parameters of normative behaviour within which members of an organisation operate (Bowen, et al., 2007). A professional code, like most corporate codes, provides standards of practice by describing what is expected or prohibited practice by association members (Weber, 2008). He further argues that professionals are more demanding in the conduct of their professional members, and this establishes a clear distinction between what is professionally expected and legally compliant.

The code is not just a document, employees claim; it is a document that they perceive as guiding corporate behaviour as code seems to be part of a corporate context where responsibility is enacted (Frostenson, et al., 2012). According to Weber (2008), professionals are often asked to go beyond the law in their behaviour and how they treat those they serve. Professional codes often entrust the individual association member to seek the higher purpose or act without compromise to certain ethical principles, such as honesty, integrity, and justice. Corporate policy and codes of ethics that are enforced will produce the highest level of compliance to established ethical standards (Schwartz, 2001).

2.8. ELEMENTS OF GOOD GOVERNANCE

Organisations of different sizes and types have indicated and proved their commitment to ethical practices by (Lloyd & Mey, 2010):

- implementing policies that integrate ethics into the organisation's values and mission
- developing ethics codes;
- implementing ethics training;
- establishing an ethics hotline, audit ethical performance and link it with rewards and sanctions; and
- creating ethics committees and revised internal structures to achieve their ethical objectives.

2.9. ASPECTS TO INFLUENCE THE ETHICAL BEHAVIOUR

Irrespective of how corporate governance is conceived, it still has a distinct ethical character. This ethical character is reflected in that corporate governance requires companies to take responsibility for their impact on societies and on stakeholders. It therefore comes as no surprise that the prominence of corporate governance coincides with a rise in interest in business ethics (Rossouw & Sison, 2006). However, the existence of an ethical code may not be the most salient factor in influencing employee behaviour; therefore, ethical codes of conduct cannot resolve or cover all ethical problems (Yahr, et al., 2008).

Other theorists have suggested that ethical decision making or behaviour can be influenced by a code of ethics. Contingency models suggest that ethics-related corporate policy will influence ethical/unethical behaviour, and the development of formal codes of ethical conduct will attempt to guide ethical behaviour (Schwartz, 2001). According to Yahr, et al., (2008), the assessment of a code should begin with a conceptualization of the code and its purposes, as follows:

- Who is the code intended to cover?
- Have all relevant stakeholders (including the supply chain) provided input?

- What practices will be covered?
- Are covered values consistent with the current culture?
- What approach (proscriptive and/or proactive) best satisfies their purposes?
- How should the code's content be organized?

With all of the current activity promoting the adoption of codes of ethics, there appears to be an implicit assumption among legislators, government regulators and the boards of the various stock exchanges that codes of ethics are a potential means to influence corporate and employee behaviour (Schwartz, 2004). Schwartz (2004) further argues that before one can begin examining whether codes of ethics really do make a difference in influencing behaviour, some clarification is required. A certain degree of confusion remains as to what a code of ethics even consists of. Codes of ethics have also been referred to as codes of conduct, codes of practice, corporate credos, mission statements, or values statements.

2.10. SUMMARY

The emphasis in this chapter was on reviewing the current literature on the application of the code of conduct through defining its purpose and objectives, business ethics, ethical issues and so forth. This chapter covered the first phase of code of conduct, which entails understanding the importance of the codes of ethics for the entire SCM practitioners. It is clear from the above literature review that the code of conduct cannot be applied alone as this needs to be supported by the implicit procedures to produce the envisaged results.

Leaders with strong ethical principles and passion for their beliefs possess a constructive impact on the business their organisations engage in and on the teams and employees implicated in the process. The next chapter deals with the research methodologies, data collection methods and research participants that were interviewed.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1. INTRODUCTION

The previous chapter showed that the code of conduct awareness with regards to ethical behaviour should be assessed because it may affect business ethics.

This chapter focuses on the methodology employed to determine the level of awareness in terms of code of ethics, and the extent to which conflict of interest, fraud and corruption, fronting, bribery/kick-back, and political interference affect business ethics. It includes a discussion on the methods used for sampling, data collection and data analysis. Considerations with regard to validity, reliability and ethical issues are also included.

3.2. RESEARCH PARADIGM EMPLOYED AND WHY

A research paradigm is a set of fundamental assumptions and beliefs as to how the world is perceived, which then serves as a thinking framework that guides the behaviour of the researcher (Wahyuni, 2012). The term 'paradigm' is widely used to describe the ultimate framework within which a piece of research is located, but there is no complete agreement amongst commentators as to what paradigms are available to underpin social research. Different typologies exist (Brand, 2009).

This study would make use of an across-method methodological triangulation as multiple sources of data are collected with the hope that they would all converge to support this study. Triangulation is also common in mixed-method designs, in which both quantitative and qualitative data are collected to answer a single research question (Leedy & Ormrod, 2010).

Mixed methods research has been termed the third methodological movement (paradigm), with quantitative and qualitative methods representing the first and second movements (paradigms) respectively (Venkatesh, et al., 2013). By selecting multiple techniques, the researcher creates a set of complementary data-gathering activities that compensate for the weaknesses of individual tactics (Lee, 1999).

Determination of the methodology or strategy to be followed depends on various variables such as nature of the study, objectives that the study seeks to achieve, resources availability and time constraints. In order to gather respondents' answers, a qualitative research linked to the interpretive approach would be utilised. Babbie (2007: 286) states that, by going "directly to the social phenomenon under study and observing it as completely as possible, researchers can develop a deeper and fuller understanding of it".

According to Leedy & Ormrod (2010: 136), "Descriptive: they can reveal the nature of certain situations, settings, processes, relationships, systems, or people". The respondents would talk about their experiences and concerns, while the researcher would observe their interpretation of their situations regarding challenges they experienced while participating in the cluster development programme.

Research is a systematic process of collecting, analysing and interpreting information (data) in order to increase the understanding of a phenomenon about which the study is interested or concerned (Leedy & Ormrod, 2010). Furthermore, the research typically has eight distinct characteristics:

- Research originates with a question or a problem
- Research requires a clear articulation of a goal
- Research follows a specific plan or a procedure
- Research usually divides the principal problem into manageable subproblems
- Research is guided by the specific research problem, question or hypothesis
- Research accepts certain critical assumptions
- Research requires the collection and interpretation of data in an attempt to resolve the problem that initiated the research
- Research is, by its nature, cyclical; or more accurately, spiral or helical

3.3. POPULATION AND SAMPLE

The identification of the sample depends on the research question that the researcher would like to answer (Leedy & Ormrod, 2010, p. 207). Since the selection of sampling elements would be left to the discretion of the researcher, there would be no explicit scientific model which would be used to assess the degree of sampling error (Diamantopoulos & Schlegelmilch, 2004).

The database was used to obtain a purposive non-probability sample (Leedy & Ormrod, 2010), which ensured that all the participants are conversant with the supply chain management code of conduct and business ethics. Furthermore, sample is a selection taken from a larger group (the "population") to be examined to find out something about the larger group.

The researcher obtained access from the Heads of Department (Accounting Officers) to be able to communicate with the participants. The sample obtained included senior and junior officials from the supply chain management divisions and corporate services unit. The sampling approach initially targeted 72 possible participants to be included in the study. However, only 37 participants completed all the sections of the questionnaire successfully, while 14 participants omitted part "D" of the questionnaire. In total 51(71%) participants participated in the research study after numerous reminders and persuasion to participate in the study.

It was a challenge to get full representativeness of the sample as the researcher cannot force the participants or individuals to complete the questionnaire. The researcher was unable to determine the cause why other participants didn't complete the questionnaire at all. Possible reason could be lack of interest or limited time available as the questionnaire required at least 20 minutes of the participant's time.

3.4. DATA COLLECTION AND METHODS

Leedy & Ormrod (2010: 145) suggested multiple forms of data collection such as observations, interviews, objects, written documents, audiovisual materials, electronic documents (e.g. e-mail messages, Internet websites), etc. According to Benny and

Hughes (Taylor & Bogdan, 1998), “the interview is the favoured digging tool of social researchers”. IFAS: 2006 argued that, “the goal of the interview is to deeply explore the respondents’ point of view, feelings and perspectives”. According to Leedy & Ormrod (2010: 148) “interviews in qualitative study are rarely as structured as the interviews conducted in the quantitative study”. Furthermore, the advantage of using semi-structured interviews is that the researcher could probe for any unclear response and the respondents could also expand in their responses on the topic.

Data was collected with a questionnaire (Annexure A) that was sent electronically (e-mail) to all the participants to complete and forward it back to the researcher. As the time was limited for conducting this research, this method was straightforward and appropriate to gather information. However, the researcher planned to conduct interviews with the Head of Corporate Services from the Department of the Premier (DotP) and the Heads of SCM Divisions from other various departments; however, they were not available for the interview and, instead, completed the questionnaire.

The questionnaire included open-ended and structured questions such as the duration of service at the organisation to determine whether the respondents have been there long enough to experience unethical behaviour. The outcomes were grouped accordingly. Leedy & Ormrod (2010) suggests that qualitative research questions are appropriate for collecting data because several known variables will be studied.

3.5. DATA ANALYSIS

The use of a Likert scale enabled the researcher to gather ordinal data to measure the effectiveness of the code of conduct for supply chain management practitioners within the Western Cape Government (WCG) in terms of the research objectives. Ordinal data requires the data to be class ranked (Leedy & Ormrod, 2010) so that the researcher could count the frequency of each response provided by the participant.

There was a limitation set for the data gathered to limit the scope to the participants in order to focus in an appropriate direction when completing the questionnaire. All questions were pre-coded using alphabetical letters for each section and numbers for each question.

The data was transferred to excel spreadsheet to determine percentages of the occurrences.

3.6. VALIDITY AND RELIABILITY

The validity is a measurement instrument in the extent to which the instrument measures what it is intended to measure (Leedy & Ormrod, 2010). Furthermore, validity is to measure the accuracy, meaningfulness and credibility of the research project as a whole.

Most researchers distinguish validity thus: internal validity and external validity. Internal validity would thus be related to the reliability of the causal inferences (Roe & Just, 2009) that are drawn given the experimental results, and in turn external validity would relate to the generalizability of those causal claims to situations outside of controlled experimental conditions (Jimenez-Buedo, 2011).

External validity is the ability to generalize the relationships found in a study to other persons, times and settings. However, even if internal validity is convincingly established, the general validity of a result or conclusion must be determined by the context in which the result will be applied (Roe & Just, 2009).

Internal validity is best achieved when research participants are randomly assigned to experimental and control groups, where the groups under study do not differ significantly on demographic or status characteristics that might influence outcome measures (Cooka & Rumrill-Jr, 2005).

The questionnaire was validated showing internal construct validity methods of the research findings. The researcher used the qualitative questions to be answered on a scale for summing any set of Likert-type items.

3.7. ETHICAL CONSIDERATIONS

Participants were given a consent letter assuring them that all the information provided will be kept confidential and would be used for the purpose of the research only (Annexure B). The questionnaire was designed in a way likely to have prevented respondents' bias or

psychological harm. Some of the participants were advised via e-mail by their Heads of Department (Accounting Officers) to assist in the study research. The researcher ensured that all the participants received or saw the permission granted by the heads of their respective departments (Accounting Officers).

The research questionnaire was compiled so as not to request respondents' personal information other than gender, race, home language, designation and duration of service. However, the participants were informed that they don't have to respond to a question that they feel make them uncomfortable. Participants were strictly requested to complete the questionnaire in good faith and honesty without misinterpreting or intentionally misleading others with regard to the research findings.

3.8. SUMMARY

This chapter provides more detail on how the data was collected. The data was collected by using a questionnaire that was sent to all the participants, and all responses were then transferred to excel spreadsheets. Thereafter, frequencies and percentile ranks were calculated and reported in chapter 4.

CHAPTER 4: EMPIRICAL FINDINGS OF THE RESEARCH

4.1 INTRODUCTION

This chapter focuses on the results of the study and provides answers to the research objectives:

- a) Assess official awareness about factors influencing ethical behaviour, integrity, values and objectives of the Western Cape Government.
- b) Assess the relative importance of the code of conduct for supply chain management practitioners in the Western Cape Government.
- c) Examine the role of the Western Cape Government in instilling the highest principles and standards of ethical supply chain management.

4.2 GENERAL FINDINGS OF THE RESEARCH

The questionnaire was e-mailed to 74 participants and only 51 responded. The scheduled interviews with Heads of Supply Chain Management Units were postponed many times and subsequently cancelled as they were not available to talk to the researcher. Whilst the questionnaire was e-mailed to all the respondents, seven (7) of the participants had telephonic interviews with the researcher.

4.2.1 Data gathered from Part A: Background information

The background/biographic variables are gender, age and years of work experience. These variables were chosen to determine their influence on the effectiveness of the code of conduct for SCM practitioners. However, due to participants not completing the entire part A of the research questionnaire it was very difficult to conduct a regression analysis. Regression analysis was intended to identify how the value of a dependent variable (business ethics and/or code of conduct) changes when an independent variable (gender, age and work experience) is varied (Leedy & Ormrod, 2010).

a) Gender (Coded as “GENDER”)

“Gender” refers to the gender of the respondent. The respondent was given a choice between “Male” and “Female” on a dichotomy scaling format, and was requested to select one option. “Gender” has a nominal level of measurement and is classified as a qualitative, categorical and discreet variable. About 23 of 34 females that were targeted participated in the research – that constitutes 45% female participation.

Most of the top management males that were targeted in the research didn’t participate in the study. Instead, some of them delegated the questionnaire to their junior staff to respond. 22% of the participants didn’t want to divulge their gender – the reason for that is not known by the researcher.

Frequency Table: Gender

		Frequency	Percent
Valid	Male	17	33%
	Female	23	45%
	Blank	11	22%
	Total	51	100%

Table 1: Analysis of participants’ gender

b) Age (Coded as “AGE”)

“Age” refers to the age of the respondent. The respondent was given a dichotomy scaling format to choose which category his/her age falls in, in order to determine the respondent’s capabilities as indicated in Table 2 below. Age has an ordinal level of measurement and is classified as a qualitative, categorical and discreet variable. The majority of the participants’ age was between 25 and 34 years – that constitute 41%.

Frequency Table: Age of the Respondents

	Categories	Frequency	Percent
Valid	Below 25	7	14%
	25 - 34	21	41%
	35 - 44	12	24%
	45 and above	3	6%
	Blank	8	16%
	Total	51	100%

Table 2: Analysis of participants' age

c) Years of work experience (Coded as “WORK EXPERIENCE”)

“Years of work experience” refers to the number of years of work experience the respondent has had. The respondents were given a choice of categories as determinants to choose from as dichotomy scaling format. Years of work experience has an ordinal level of measurement and is classified as a qualitative, categorical and discreet variable. Most of the participants' work experience was within 10 years or less: to wit, 68%.

Frequency Table: Work Experience

	Categories	Frequency	Percent
Valid	5 and below	18	35%
	6 - 10 years	17	33%
	11 - 15 years	4	8%
	16 - 20 years	2	4%
	Above 20 years	3	6%
	Blank	7	14%
	Total	51	100%

Table 3: Analysis of participants' work experience

4.2.2 Data gathered from Part B: Understanding of Ethics

The data was collected through close-ended questionnaire where the participant has to select the appropriate answer; this is marked Annexure B. This part was divided into 10 statements with dichotomy scaling format, i.e. 5-point scale responses with 1 representing

“**strongly disagree**”; 2 representing “**disagree**”; 3 representing “**neutral**”, 4 representing “**agree**” and 5 representing “**strongly agree**”. The frequency of the responses were summarised as follows:

Statement No's	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Total Responses
1	31	9	11	0	0	51
2	3	0	27	12	9	51
3	0	11	6	13	21	51
4	7	0	11	19	14	51
5	23	14	6	3	5	51
6	0	0	6	8	37	51
7	0	0	0	8	43	51
8	0	0	5	8	38	51
9	42	3	6	0	0	51
10	0	0	0	6	45	51

Table 4: Responses for Part B: Understanding of Ethics

The data was then converted into percentages to enable the researcher to draw the conclusion from the responses received as shown in Figure 1 below.

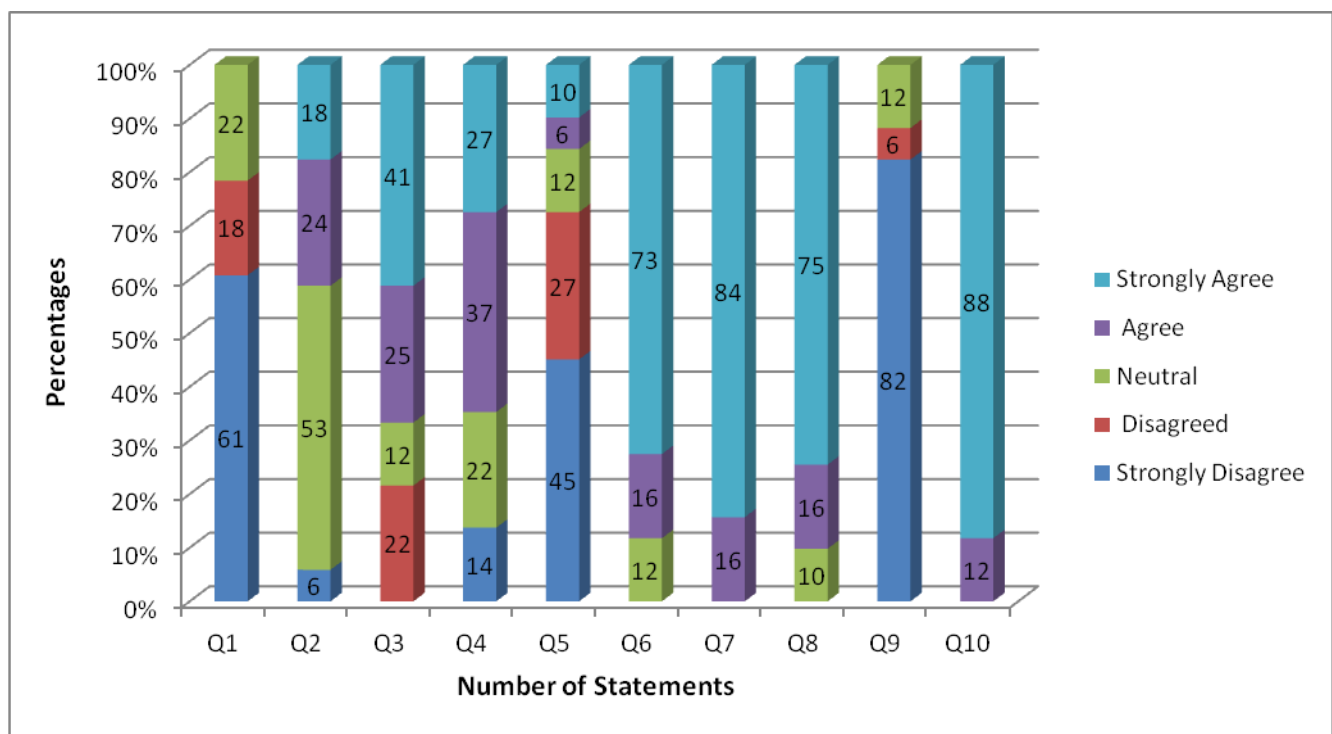


Figure 1: Frequency of responses for Part B: Understanding of Ethics

Statement 1: A person who is doing well in the department/organisation does not have to worry ethically

More than 79% of the participants (strongly disagree 61% and disagree 18%) believe that everybody in the department or organisation should worry ethically as business ethics affect the success of any organisation if not taken seriously, while 21% was not sure whether ethics are important or not.

Statement 2: Every business person acts according to ethical principles, whether he/she is aware of it or not

About 53% of the respondents don't know whether every business person acts according to ethical principles or not, while 42% (agree 24% and strongly agree 18%) believe that not every business person knows or understands moral values under which the business should operate. In other words, the 42% believes that business ethics should be taught to all the employees, irrespective of their levels.

Statement 3: Act according to the law, and you can't go wrong morally

The majority of the participants (agree 25% and strongly agree 41%) are confident that the law should be abided by at all times and you won't go wrong, while 22% believe that even if you act according to the law, you might still be wrong, as sometimes it becomes difficult to define what is ethical or not. The 12% of the participants don't believe either of the two.

Statement 4: Ethics in business is basically an adjustment between expectations and the way people behave

The majority of the participants (agree 37% and strongly agree 27%) understands precisely that ethics has a real meaning and contributes to the success of the department or organisation, while 14% of the participants believe that ethics add no value in any business. 22% of the participants have no idea whether expectations should be associated with people's behaviour or not.

Statement 5: 'Business ethics' is a concept for public relations only

More than 72% of the participants (strongly disagree 45% and disagree 27%) do not believe that business ethics is to be associated with public relations only, as ethics apply everywhere in the organisation, while a smaller margin (neutral 12%, agree 6% and strongly agree 10%) shared a different view of business ethics.

Statement 6: Respect the dignity, uniqueness, values, culture and beliefs of other people

The majority of the participants (agree 16% and strongly agree 73%) believe that the organisation's ethics is based on organisational values, culture and beliefs, while 11% of the participants were not sure whether they understand the ethics or not.

Statement 7: Ensure fair dealings with suppliers or subcontractors

All the participants (100%) feel that the business ethics must be demonstrated at all times when dealing with the public, i.e. suppliers or contractors.

Statement 8: Position of trust implies that the SCM officials have a duty to act in the public interest

More than 90% of the participants (agree 16% and strongly agree 75%) believe that the existence of ethics has a positive impact on the ethical behaviour of the employees, while 12% shared no views at all.

Statement 9: Practitioners should sometimes perform their duties unlawfully to please their clients

The majority of the participants (strongly disagree 82% and disagree 6%) have clear morals about business ethics and don't believe in unethical behaviour, while 12% were not sure whether it is a good idea to act unlawfully or not.

Statement 10: Practitioners should ensure that they perform their duties efficiently, effectively and with integrity

All the participants (100%) believe that the ethical principles provide guidelines for right and trustful behaviour in specific situations.

4.2.3 Data gathered from Part C: Information about the SCM Code of Conduct

The data was also collected through close-ended questionnaire (Annexure C). There were 9 statements where the participant had to select the appropriate answer from a dichotomous scaling format, i.e. “yes”, “no” or “not sure”. The frequency of the responses for this section were also summarised as follows:

Statement No's	Yes (Y)	No (N)	Not Sure (Z)	Total Responses
1	12	35	4	51
2	6	45	0	51
3	51	0	0	51
4	10	41	0	51
5	0	51	0	51
6	13	34	4	51
7	6	45	0	51
8	40	1	10	51
9	8	36	7	51

Table 5: Responses for Part C: Information on the SCM Code of Conduct

The data was then converted into percentages to enable the researcher to draw the conclusion from the responses received as shown in Figure 2 below.

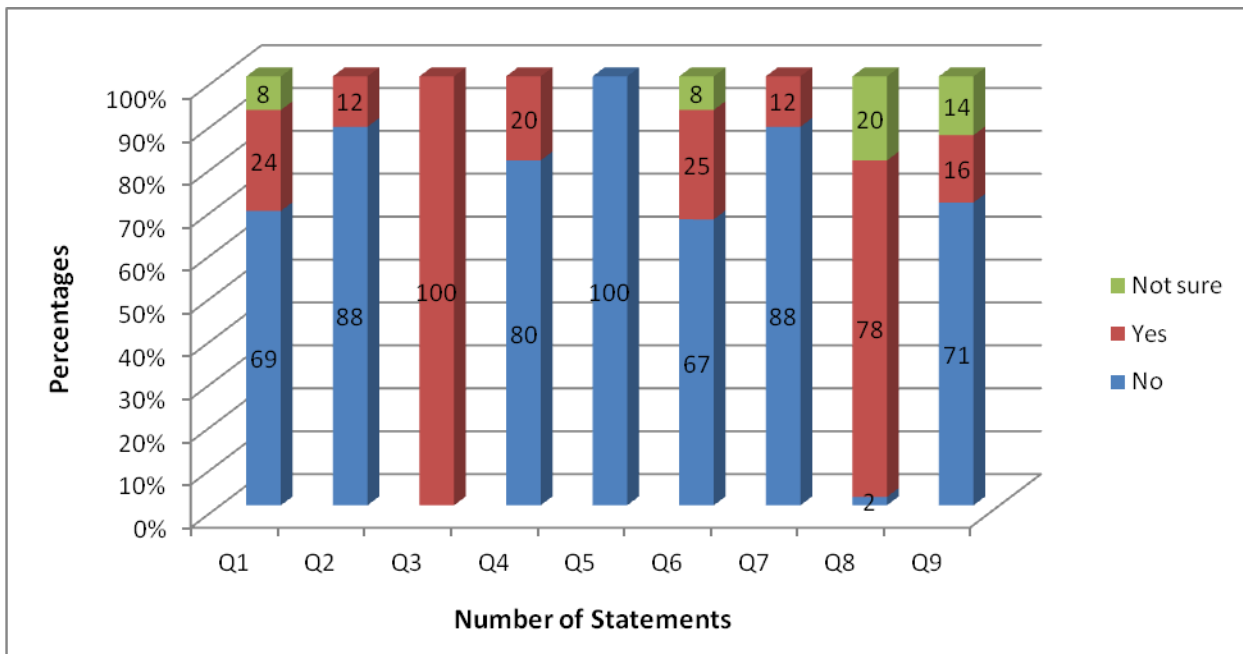


Figure 2: Frequency of responses for Part C: Information on the SCM Code of Conduct

Statement 1: Code of Conduct for SCM practitioners should only be issued to officials working at the SCM Office

The majority of the participants (69%) disagreed with this statement because they believe that the SCM code of conduct should not only focus on the SCM practitioners but on all the employees, as ethics is an integral part of any organisation’s success; 24% support the idea of excluding all other employees.

Statement 2: Only SCM practitioners should declare any business, commercial and financial interest that may cause any possible conflict of interest

Most participants (88%) completely disagreed with the above statement because the decision makers are not only SCM practitioners but programme managers who know nothing about the supply chain management processes. 12% of the participants were determined that only the SCM practitioners should declare their business interests, as most corruption or fraudulent activities normally happens at the supply chain management units.

Statement 3: Practitioners should use public property carefully

All the participants (100%) believe that the state resources must be used appropriately, i.e. for business use only.

Statement 4: Any official has the authority to commit government to any transaction for procurement of goods and services

The majority of the participants (80%) understand that not every official in any organisation/department is delegated to make decisions on the procurement of goods and services. However, 20% of the participants fully believe that anyone is authorised to decide or make decision without proper channels, i.o.w. they are not conversant with the SCM code of conduct.

Statement 5: Practitioners are not accountable for their actions, since only their seniors are accountable

All the participants (100%) disagreed with this statement, because the code of conduct for the SCM practitioners makes it clear that every person is accountable for his/her actions.

Statement 6: Practitioners can sometimes make any false or misleading entries into such a system for any reason whatsoever

The majority of the participants (67%) don't believe in unethical conduct at any time, while 25% understand that sometimes the practitioner has to make false or misleading statements even though it is unethical. Meanwhile, 8% of the participants do not know whether unethical behaviour can cause huge damage to the organisation/department's reputation or not.

Statement 7: Accounting Officer/HOD can amend or tamper with any tender after its submission

More than 88% of the participants strongly believe that the Accounting Officer/HOD is not permitted to amend or tamper any tender document, while 12% was convinced that the person in high seniority is allowed to do whatever is deemed necessary, even if it means breaking the law.

Statement 8: No information regarding any tender may be revealed if that action will infringe on the relevant tenderer's personal rights

Majority of the participants (78%) understand that it is unethical to reveal any tender information without proper channels as stipulated in the code of conduct, while 20% is not sure of what damages this unethical behaviour will cause the organisation/department. 2% of the participants don't care whether the tenderer's rights are infringed or not.

Statement 9: Practitioners may sometimes not reveal the reasons for the decision or actions that they take

Majority of the participants (71%) support transparency and accountability for any decisions taken, while 16% shared the different view and 14% was not conversant with the code of conduct for SCM practitioners.

4.2.4 Data gathered from Part D: Information on responsiveness of the department/organisation

The data was collected through an open-ended questionnaire which is part D of Annexure A. Most of the participants omitted some of the questions while others did not attempt at all. As the questions require some thinking, maybe participants were lazy or didn't have sufficient time to think through their responses.

Question 1: Does your department/organisation have an Ethics Department or Section? Yes / No

Majority of the participant's responses were "no" while two of the participants who are in senior management confirmed that the department has an ethics section that was designated by the SCM Unit in co-operation with Human Resource Management (HRM). It looks like only the senior management knows about the existence of the Ethics Department within Western Cape Government.

Question 2: Who is your Head of Ethics? Name, contact details and e-mail address

The response to this question depends on how the participants responded on question 1 above, as majority of the participants were confident that their department doesn't have the ethics department so this section was left blank. Only one of the participants still in senior management provided the required information, i.e. name, contact details and e-mail address.

Question 3: Does your department/organisation have communicated ethical values? Yes / No. If yes, how were these values communicated to all the employees?

The majority of the participants indicated "yes" to this question and these values were communicated as follows:

- Internal communication, i.e. e-mail
- SCM Circulars
- Training and awareness session
- Barrett survey that all the employees had to complete
- Employees were given manual of the code of conduct
- Pocket sized posters were distributed to all the employees
- Organisational website
- By being published in the Annual Performance Plan of the Department
- Monthly newsletter to all employees

Question 4: Does your department have official procedures to deal with unethical behaviour? Is there any ethics committee in your department/organisation and how often do they meet annually?

The WCG has an Anti-corruption Strategy and the Department has a Fraud Prevention Plan. Cases of this nature are dealt with through the normal disciplinary processes of the Department. Each allegation of fraud or corruption is recorded in a Case Management System.

Question 5: What measures does your department/organisation have in order to deal with matters of unethical conduct and how effective are they? For example, Ethics and Code of Conduct, Ethics Hotline

The majority of the participants didn't really responded to this question except few senior management individuals who provided the list of generic codes of conduct that are available in the department should an unethical conduct be recognised:

- Various channels for reporting allegations of fraud and corruption are described in the WCG Anti-corruption Strategy and Departmental Fraud Prevention Plan.
- The Department also adheres to the Code of Conduct for Public Service; Code of Conduct contained in the Accounting Officer's Supply Chain Management System; Code of Conduct for Supply Chain practitioners; Code of Conduct for Bid Adjudication Committees; Code of Conduct issued by the Construction Industry Development Board.
- A Departmental Risk Register and Mitigation Strategies are also developed. Cases of this nature are dealt with through the normal disciplinary processes of the Department.
- Processes are generally effective.

Question 6: How is ethics integrated into your department/organisation's strategies, i.e. is it part of your KRA's, or Provincial Strategic Objectives?

Only the senior management participants responded to this question while all the other participants left it blank, as maybe they were not exactly aware of such processes. Responses received were as follows:

Part of Performance Agreements under the section that deals with the Core Management Criteria (CMC), as well as in the Provincial Strategic Objectives under PSO12.

- Any official wishing to earn money other than his/her salary applies annually (in terms of the Provincial Policy on RWOP (Remuneration outside government)).
- Strict policy of government not doing business with government is applied.

The promotion of ethical leadership is an outcome of Provincial Strategic Objective 12: *Building the best-run regional government in the world*. In this regard the Department's employees participate in an annual Barrett values survey.

The responsibility for ethical leadership is assigned to the Provincial Minister and delegated to the Accounting Officer. Our department has a Strategic Outcomes Oriented goal which relates to good governance and encompasses ethical conduct.

Question 7: Are ethical values incorporated in your daily operation? Please explain

Yes, values are underpinned by the concept of team work and apply to all provincial employees. Each value is linked to behavioural statements as outlined in the Department's Annual Performance Plans and Annual Reports. All senior management have honesty and integrity as part of their core management competencies, which gets assessed on a quarterly basis as:

- All officials annually disclose financial interest.
- All officials involved in the adjudication of any bids disclose conflict of interest.
- All officials complete a gifts register disclosing any gifts received, from whom, when and its value.
- The Department has a gift policy that no gift in excess of R250.00 may be accepted

Question 8: Does your department/organisation have a fraud and prevention plan and/or anti-corruption strategy in place? Please explain

Yes. The WCG has an Anti-corruption Strategy and each Department has a Fraud Prevention Plan, Policy and Implementation Plan with responsibilities, due dates and owners

Question 9: Were there any critical unethical issues or conduct for the last five years in your department/organisation? Please provide details

Majority of the participants were not sure whether there were any unethical issues or conduct reported except for a few individuals in senior management that provided the following information:

- There were 15 new cases reported for investigation of irregular expenditure
- 8 new cases of fruitless and wasteful expenditure in 2012/13
- 14 misconduct and disciplinary hearings were finalised during 2012/13.

Question 10: How should the employees/public report unethical behaviour about your department/organisation? Is there any platform for reporting such behaviours anonymously?

Yes, through various channels for reporting allegations of fraud and corruption as are described in the WCG Anti-corruption Strategy and Departmental Fraud Prevention Plan. This can be done through a website and/or toll-free numbers. The opportunity to remain anonymous is afforded to any person who would like to report cases of fraud, theft or corruption, and should they do so in person, their identity is kept confidential by the person to whom they are reporting. Channels are as follows:

- Supply Chain Helpdesk,
- Forensic Investigative Unit,
- Legal Services
- National Anti-corruption hotline through Presidential Hotline number: 0800 701 701
- CIDB Hotline
- Anonymous letters

Question 11: How do you instil ethics and the Code of Conduct in your department/organisation or colleagues? What role do you play in encouraging your colleagues to behave ethically?

Responses: Designed and implemented the Code of Ethics for the Department. Monitor and enforce compliance through the code. Responsible for the register of financial disclosures by all involved in the Department's Supply Chain process.

Through the role of providing strategic leadership support to the organisation, the importance of ethical behaviour in achieving departmental goals is emphasised. Further, through the publications of various strategic documents including the Annual Performance Plan, Annual Report, Service Delivery Plans, Customer Service Standards and Improvement Plans and processes the department's values are communicated.

In addition, the necessity of providing services effectively and efficiently and within ethical boundaries is encouraged as the highest level of providing public value.

Question 12: How does your department/organisation institutionalise the SCM Code of Conduct? Does this apply to every employee or just to the SCM Practitioners? Please explain

The majority of the participants were convinced that the SCM code of conduct is applicable to SCM practitioners and to the members of the bid committee, as the principles and standards for ethical supply chain management were developed to guide the decisions and actions of supply chain management practitioners.

Question 13: How was this institutionalisation done, i.e. what processes were followed? And what was the reaction?

Response: SCM officials are required to sign a declaration of Code of Conduct for SCM Practitioners, and SCM units are capacitated to mitigate risk of fraudulent practices. In terms of relevant legislation, the Accounting Officer develops a SCM Framework which stipulates SCM delegations and structures for the effective execution of SCM responsibilities. These were institutionalised as follows:

- Through communication via Internal Communication's e-mail letter
- Through presentations to Top Management, Management Forum, The Enterprise Risk and Fraud Committee

- Through informal training presentations

All SCM practitioners are required to disclose their financial interests and their interests pertaining to each supply chain transaction. The Code of Conduct for Public Service requires all employees to adhere to it. Senior management members are also required to disclose financial interests. The Accounting Officer of the Department issues SCM Framework to guide SCM processes in an ethical way. In addition, various SCM instructions and Practice Notes are issued to guide all employees in the ethical execution of SCM duties. Bid Adjudication committees are also required to declare and sign with each bid that is adjudicated.

Question 14: Has your department/organisation taken formal steps to incorporate the SCM Code of Conduct into daily operations? If yes, please explain

Yes, the department has taken various steps where the SCM officials are required to sign a declaration of Code of Conduct for SCM Practitioners and SCM units are capacitated to mitigate risk of fraudulent practices, as alluded to in the previous questions.

Question 15: Which of the following core values will describe you best? You may tick off as many as you feel are applicable.

Most of the participants participated in this question by ticking at the suitable value that describes them better. None of the participants ticked the core value “Seek leadership position to obtain power”. All the participants believe that seeking the leadership position just to obtain power is unethical behaviour and should not be tolerated.

Core Values	Frequency	Percentages
Honesty	37	100%
Kindness	33	89%
Fairness	37	100%
Pessimism	4	11%

Seek leadership position to obtain power	0	0%
Optimism	11	30%
Respectful	33	89%
Teamwork	19	51%
Transparent	28	76%
Patriotism	6	16%
Accountable	24	65%

Table 6: Responses for Part D, par 15: Core Values

4.3 AWARENESS ABOUT FACTORS INFLUENCING ETHICAL BEHAVIOUR

Awareness with regards to the understanding of ethical business behaviour was assessed at part B of the research questionnaire. This part of the questionnaire was designed to establish whether the department or organisation has had campaigns or road shows about the importance of business ethics. The statements were testing the understanding of the values and morals by the official when performing his/her duties. An analysis of the frequency table for statement 1 to 10 was developed as follows:

Responses	Frequency	Level of Awareness
Strongly Disagree	11	21%
Disagree	4	7%
Neutral	8	15%
Agree	8	15%
Strongly Agree	21	42%
Total	51	100%

Table 7: Frequency Distribution for Responses on Part B

Some of the participants (agree 15% and strongly agree 42%) indicated to know or be aware of business ethics that the WCG is operating on. As most statements were to test the awareness or understanding of ethics at large, WCG has made little effort to instil business ethics to every individual who works for them. About 15% of the participants

were silent about their understanding, the fact that they were silent means that WCG didn't train or conduct seminars or road shows to make sure that their business ethics are understood by everyone in their organisation.

Those who strongly disagree (21%) and disagree (7%) believe that business ethics isn't fully complied with by the WCG. In other words, WCG officials don't always follow procedures and processes when conducting their tasks. Or maybe the WCG failed to punish those who committed unethical behaviour and publish the outcomes of misconduct in order for the participants to know that unethical conduct was not tolerated at all.

The WCG has a challenge of instilling ethics amongst their staff as a manner of addressing the importance of business ethics in order to be successful in their business. Interventions and improvements would be ideal for the WCG to train their employees on business ethics, as the survey revealed that some of the employees believe that sometimes the duties can be performed unlawfully to please the clients. The above level of awareness percentages were then demonstrated in the figure below.

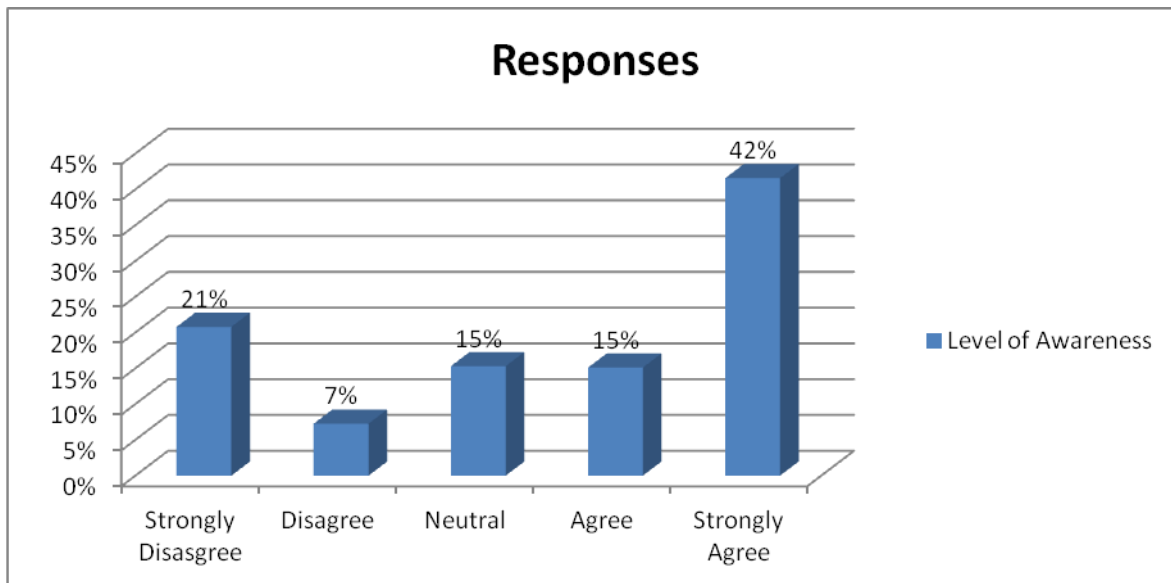


Figure 3: Frequency Distribution of responses on Part B

4.4 RELATIVE IMPORTANCE OF THE CODE OF CONDUCT FOR SCM PRACTITIONERS

Awareness about the SCM code of conduct was assessed at part C of the research questionnaire. This part of the questionnaire was designed to establish whether the department or organisation has had trainings or workshops about the importance of the SCM code of conduct. An analysis of the frequency table for statement 1 to 9 was developed as follows

Responses	Frequency	Level of Awareness
Yes	16	32%
No	32	63%
Not sure	3	5%
Total	51	100%

Table 8: Frequency Distribution for Responses on Part C

The statements in the questionnaire were meant to test the understanding and application of the code of conduct by an official when performing his/her duties. About 32% of the participants indicated yes in these statements, that means, the participants lack knowledge or understanding about the SCM code of conduct. For instance, some of the statements were to determine whether the participants understand the implication of revealing tender information to a third party without following proper processes or channels.

Unlike the 5% of the participants that were not sure whether they understand the SCM code of conduct or not. In other words, 37% (yes = 32% and not sure = 5%) of the participants need intense training about the application of this SCM code of conduct as they believe that SCM code of conduct should be appropriate to SCM officials only. SCM officials conduct the processes of procurement of the goods and services but the authority to commit government to any transaction is delegated to the programme manager (WCG, 2011).

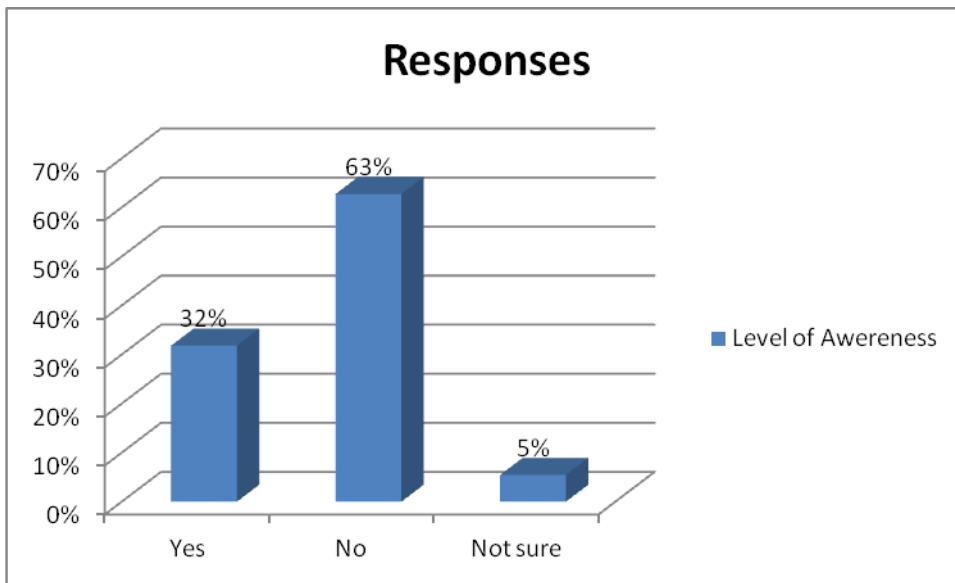


Figure 4: Frequency Distribution of responses on Part C

A significance number of the participants (no = 63%) seem to understand the importance of fair dealing and integrity in the conducting of its business, where the SCM practitioner is a position of trust, implying the duty to act in the public interest.

4.5 ROLE OF WCG IN INSTILLING THE HIGHEST PRINCIPLES AND STANDARDS OF ETHICAL SUPPLY CHAIN MANAGEMENT

The WCG has not had a specific department or section known as ethics office, other than being incorporated into Human Resource Management (HRM) department. Out of 31 participants that responded on part D of the research questionnaire, only two confirmed that there is an existing ethics office. The ethics office merely was not formally introduced to the entire WCG employees, other than to the senior management.

Although the majority of the participants were not aware of this office, WCG has a strong corporate governance strategy to deal with any unethical behaviour. The department utilises disciplinary actions and/or sometimes counselling sessions as a way of eradicating unethical behaviour. As was noted by (Mle & Maclean, 2011), if public officials could have a perception of themselves as being the trustees for the public good, they would act ethically so as to be able to answer their actions.

The WCG ethical values and SCM code of conduct were communicated through internal communication (e-mail, training, Circulars, Intranet, etc.) However, the majority of the participants shared different views with this statement even though they've seen the communication. The survey revealed that only top or senior management were trained (through presentations and management forums) on the SCM code of conduct while others only received an e-mail with an attachment of the SCM code of conduct.

It is evident that not all employees were trained on ethics and SCM code of conduct. This is risky for WCG, as the employees will have different views or interpretations when faced with ethical dilemmas. There was nothing heard about line managers cascading the ethics and SCM code of conduct to their sub-ordinates to strengthen ethical values.

The study revealed that ethics is integrated in the Provincial Strategic Objectives No: 12 (PSO12) where any official wishing to earn extra money other than his/her salary should apply annually as in terms of provincial policy on remuneration work outside government. All senior management officials and SCM officials annually disclose their financial interest. However, it was discovered that the SCM code of conduct was issued to SCM officials only, but other SCM related matters are all dealt with in the SCM office. For instance, secretaries were responsible for travel and accommodation arrangements, but had not been trained on the SCM code of conduct.

WCG seems to have proper processes and procedures to deal with unethical behaviours but just lack efficient communication strategies to make sure that all the employees are conversant with ethics policies and SCM code of conduct. Some of the departments spend more than 80% of their budget on SCM related matters, e.g. Department of Transport and Public Works (DTPW). It was established that WCG utilises the presidential hotline where an employee is required to report any fraudulent activities that he or she knows or suspects is taking place. Employees play an important part in the workplace, especially in the promotion and enforcement of corporate governance. They are the most likely ones to detect irregularities and report on illegal and unethical conduct (Botha, 2010).

4.6 SUMMARY

This chapter has discussed the research empirical findings and results. WCG needs to improve communication strategies to ensure that every employee is conversant with ethics and SCM code of conduct in order to strengthen ethical behaviour. It is evident that WCG doesn't have an ethics department or unit that deals with unethical behaviours only other than being integrated into HRM units. By doing so, it will be easy for the employees to report any irregularities that have been experienced. The head of ethics will be responsible to ensure that all ethics policies and SCM code of conduct are communicated clearly to all the employees. The next chapter provides recommendations to the WCG and the conclusion of the results of the research study.

CHAPTER 5: RECOMMENDATIONS AND CONCLUSION

5.1. INTRODUCTION

The aim of this particular research was to measure the effectiveness of the code of conduct for SCM practitioners within Western Cape Government. The researcher focused on the following four (4) research objectives during his research:

- a) Assess official awareness about factors influencing ethical behaviour, integrity, values and objectives of the Western Cape Government.
- b) Assess the relative importance of the code of conduct for supply chain management practitioners in the Western Cape Government.
- c) Examine the role of the Western Cape Government in instilling the highest principles and standards of ethical supply chain management.
- d) Provide practical recommendations on strengthening the code of conduct for supply chain management practitioners within the Western Cape Government.

Findings were made in relation to these research objectives, and were addressed at the previous chapter. In addition to these objectives, the research questions were also developed to detect unethical behaviour.

5.2. RECOMMENDATIONS

Based on the objective findings made during this research, certain recommendations can be made in relation to the effectiveness of the code of conduct for the SCM practitioners:

5.2.1. WCG to establish Ethics Office

To enhance knowledge and understanding of the WCG values, it is recommended that the ethics department/office be established immediately. This will provide confidence and transparency to all WCG employees when it comes to reporting unethical behaviours. This can lead to a more positive environment and an increased level of public confidence and

trust among important stakeholders. This office would make a profound and positive impact on the culture of the Western Cape Government. The ethics office would be a resource for those who seek advice before engaging in an activity, to avoid and manage conflicts of interest. By providing clear and action-oriented advice, the office would help WCG staff carry out their jobs professionally and fairly, and manage their private lives in a way that does not interfere with their official duties. The Ethics Office should work closely with Corporate Services Division and other related offices to integrate ethics and integrity components into other related learning programmes, such as new staff induction, leadership and management development, performance management, and foundational supervisory skills.

5.2.2. Training on Ethics and Code of Conduct for the SCM practitioners

As the ethics and code of conduct training was done to the senior and/or top management only, it is important to be disseminated to all other employees. WCG needs to conduct workshops, seminars and road shows to enhance the importance of understanding the ethics and code of conduct as guiding corporate behaviour. According to Buchholtz & Carroll (2012:249), values and commitments of any organisation make sense only when they are communicated effectively to the members of staff.

Forwarding ethics policies and code of conduct through e-mail or forcing the employees to sign acknowledgement of receipt serve no purpose in instilling good governance. According to Boyes-Watson (2013), government needs to have in place proper procedures and protocols for rooting out corruption, as well as training and support to help people deal with the day-to-day issues of handling bribery. Furthermore, simply reading the Ethics Act won't turn an unethical employee into an ethical employee any more than reading an exercise book would turn a couch potato into an athlete (Drinam, 2001). Without effective ethics training, the Ethics Act or SCM code of conduct is just a piece of paper—nothing more.

Ethics education, training, and outreach would help the employees understand and apply the high expectations set by the WCG on their everyday workplace conduct. Through

training, the WCG would promote ethical awareness and ethical decision-making so that employees are better able to fulfil the WCG's mission. Ethics training can reduce unethical actions. Training gives employees the knowledge they need to recognize ethical conflicts and work through them to arrive at a morally responsible decision. Employees may not always do what is right, but giving them the tools to determine what a good decision is will certainly improve the odds that they will do so. Effective ethics training helps reinforce the message that the WCG does not approve of ethics violations in any workplace. It allows the ethics commissions, ethics officers and inspectors general to show that they are serious about enforcing the Ethics Act and code of conduct for the SCM practitioners. Such training is thus a critical element in creating and maintaining an ethical culture.

All WCG new employees should be inducted in the values and code of conduct for SCM practitioners, including all other applicable legislation such as PCCAA and the PDA, PMFA and all applicable Compliance Standards and Legislations, when they join the department. When the above mentioned legislations are communicated effectively and/or complicated legislations are unbundled, they can become guiding principles that create an anti-fraud culture of awareness, deterrence, prevention, detection, investigation, sanction and redress. To ensure that this information stays on the mind of the employees, WCG should ensure visibility of these by placing them on the intranet, among other places. All these should be the basis of the code of conduct and standard operating procedures (SOPs) for all employees.

5.2.3. Integrated Approach

Though all departments, whether national or provincial, are distinct, thereby requiring tailor-made strategies that address their own daily challenges, they need to do so within anti-corruption strategic frameworks provided by PDSA, which provides issues of corruption in an integrated, holistic and practical manner. The WCG needs to have its implementation programmes that serve as roadmaps for all provincial departments to deal with anti-corruption matters, which include: detection, prevention, combating, investigations, prosecutions and disciplinary actions. WCG strategies need to be sensitive and complimentary to national and international requirements.

5.2.4. Strengthen control measures

Control measures such as the levels or delegation of authority should be developed and presented thoroughly, as 20% of the participants have no idea who's delegated to commit government funds. This constitutes a huge risk of irregular or wasteful and fruitless expenditure due to non-compliance to PFMA. WCG is expected to have established compliance standards, which are a key part of detecting and preventing violations of the law.

The development of a code of conduct is an initial step in this process, as suggested by Buchholtz & Carroll (2012). A set of ethical principles (AO's Delegation) that guide the decision making will strengthen these standards. WCG needs to strengthen their control measures through the development of standard operating procedures and checklists to be used by the decision maker.

5.2.5. Promote Culture of Openness

This can be achieved by involving employees, listening to their concerns and encouraging the appropriate use of the policy (PDA) on whistle-blowing promoted by senior management, educating employees as to what constitutes fraud, corruption and malpractice and its effect on the department, promoting awareness of standards of appropriate and accepted employee conduct, and establishing a common understanding of what is acceptable and what is unacceptable behaviour.

Recently WCG used Barrett Survey to establish the awareness of their values among all employees. There was no letter signed by their own Accounting Officer stating the purpose of the survey, its importance and how the information was going to be used as the letter would have assured the participants that their information will be kept confidential. However, even the outcomes were not effectively communicated to all the employees; instead, they were discussed at a top management level.

In order to promote the culture of openness, the feedback must always be shared with the affected employees. WCG needs to conduct an informal survey of employees to get their views on key ethics-related topics and the survey should not contain marks by which

respondents may be identified, e.g. race or level of employment, as they previously did on the Barrett Survey. The questions should be an open-ended rather than closed-ended where the possible response categories have been pre-determined, for instance, yes/no or scale questions. Open-ended questions can allow respondents to provide WCG with richer information than is possible with close-ended questions.

5.2.6. Recruit people with right skills

WCG should be able to recruit people with the right qualifications and skills to manage, identify, formulate policies and motivate others to steer away from dishonesty, and be able to inform the authorities when they see any unethical activities taking place. Employees should be ethical and proactive in their approach to any form of unethical behaviour; this will ensure strengthened capacity within WCG against unethical conduct as it is proven that defrauders are becoming more sophisticated.

Having the right people will guarantee sufficient levels of commitment by management in implementing and integrating the new and existing anti-corruption strategies. There must be integration of the department's anti-fraud initiatives with broader anti-corruption and ethics management initiatives. WCG needs to conduct proper skills audit in order to identify the skill gaps in the core departments for:

- Understanding of the skills required and gaps the department currently has.
- A targeted analysis of development needs.
- A listing of people who need development.
- Data that can be used for purposes such as internal selection.
- Information that can be used for dynamic succession planning.

5.2.7. Independent Whistle-Blowing Hotlines

Independent and confidential whistle-blowing hotlines are an effective management tool for businesses, acting as a safety valve and early warning system for potentially damaging issues such as employee fraud, bribery or corruption, questionable accounting procedures or gross breaches of ethical misconduct. These lines can help WCG to detect fraud and

other illegal or unethical activity at an early stage, ensuring prompt action is taken to help prevent financial loss, damage to reputation and litigation.

WCG has to ensure that the opportunity to remain anonymous is afforded to any person who would like to report cases of fraud, theft or corruption, and their identity to be kept confidential. Although WCG has the Anti-corruption strategy and Departmental Fraud Prevention Plan, if they are not communicated effectively to all the employees, unethical behaviour will survive. Employee fraud costs businesses billions of Rands per year globally; and it has been confirmed that whistle-blowing hotlines significantly reduce fraud losses.

5.2.8. Publish unethical behaviour

WCG is the only province that publishes reckless driving and drunken driving convicts in the media, like Cape Times and/or Cape Argus. However, other unethical behaviour, like misconduct, is not published or reported to the entire WCG employees in order to note that unethical conduct isn't tolerated. From the research, it was established that only the senior management that participated in the study knows the outcomes of the misconduct. Without the misconducts being published for everyone to know, people will still continue to do wrong until major drastic measures are put in place. WCG needs to communicate unethical outcomes through e-mails, newsletter articles, posters or notice boards, formal and informal discussions so that every employee is aware of the consequences.

5.2.9. Anti-corruption Programmes

Effective anti-corruption policies and procedures offer the best protection from the financial, legal and reputational damage of bribery and corruption. However, implementing a consistent 'zero tolerance' policy can be a major challenge. The programme's objectives should be the promotion of the concept and practise of ethics through training and development, launches and workshops where all members of staff adopt the anti-corruption strategies of the department.

5.3. CONCLUSION

All over the media it is stated that corruption in South Africa, especially in the public sector, has reached the highest level; it has been referred to as a cancer that is eating away at the moral fibre of the first democratic government and it has been likened to the apartheid of the former government which needs to be brought down by all in society.

The current government therefore needs to come with stringent measures to fight it or else face the brunt of the society, like the national government did with its apartheid policy. It is clear that although there are legislations in place to fight corruption, the government is failing in the implementation of the applicable policies - as this case shows - 'criminals' are becoming more advanced by the day. Until the current legislation on Protection Disclosure Act ensures enough protection to the whistle-blowers, people will remain reluctant to report corruption.

The SCM code of conduct is no't really effective at the Western Cape Government as the majority of the participants didn't really understand the contents of this code. It is clear that in spite of the efforts made by WCG to instil the code of conduct for SCM practitioners, there are still areas of concern that must be addressed, for instance, training of the employees.

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LIST OF ANNEXURES

ANNEXURE A: RESEARCH QUESTIONNAIRE ON SCM CODE OF CONDUCT

Field Study Questionnaire: Western Cape Government

Part A: Background information:

Occupation/Position				
Gender	Male		Female	
Race	African	White	Coloured	Indian
Home language				
Age	Below 25 years			
	Between: 25 – 34 years			
	Between: 35 – 44 years			
	Above 44			
Highest level of education				
Duration of service at the organisation (in years)	Between: 0 – 5 years			
	Between: 6 – 10 years			
	Between: 11 – 15 years			
	Between: 16 – 20 years			
	Above 20 years			
Date of interaction				
Contact details (email/phone as per the respondent's convenience)				

Part B: Understanding of Ethics

Respond to the following 10 statements by marking the appropriate number that is suitable or describe you better. The numbers means: 1. **Strongly Disagree**, 2. **Disagree**, 3. **Neutral**, 4. **Agree**, 5. **Strongly Agree**

#	Questionnaire	Mark with an "X"				
		1	2	3	4	5
1	A person who is doing well in the department/organisation does not have to worry ethically					
2	Every business person acts according to ethical principles, whether he/she is aware of it or not					
3	Act according to the law, and you can't go wrong morally					
4	Ethics in business is basically an adjustment between expectations and the way people behave					
5	'Business ethics' is a concept for public relations only					
6	Respect the dignity, uniqueness, values, culture and beliefs of other people					
7	Ensure fair dealings with suppliers or subcontractors					
8	Position of trust implies that the SCM officials have a duty to act in the public interest					
9	Practitioners should sometimes perform their duties unlawfully to please their clients					
10	Practitioners should ensure that they perform their duties efficiently, effectively and with integrity					

Part C: Information about the procurement Code of Conduct

Respond to the following 9 statements by marking, to the appropriate and suitable choice as "yes", "no" or "not sure" that describes you better

#	Questionnaire	Responses		
		Yes	No	Not sure
1	Code of Conduct for SCM practitioners should only be issued to officials working at the SCM Office			
2	Only SCM practitioners should declare any business, commercial and financial interest that may cause any possible conflict of interest			
3	Practitioners should use public property carefully			
4	Any official has the authority to commit government to any transaction for procurement of goods and services			
5	Practitioners are not accountable for their actions, since only their seniors are accountable			
6	Practitioners can sometimes make any false or misleading entries into such a system for any reason whatsoever			
7	Accounting Officer/HOD can amend or tamper with any tender after its submission			
8	No information regarding any tender may be revealed if that action will			

	infringe on the relevant tenderer's personal rights			
9	Practitioners may sometimes not reveal the reasons for the decision or actions that they take			

Part D: Information on responsiveness of the department/organisation:

1. Does your department/organisation have an Ethics Department or Section? Yes / No
2. Who is your Head of Ethics? Name: Contact Details: Email address:
3. Does your department/organisation have communicated ethical values? Yes/No . If yes, how were these values communicated to all the employees?
4. Does your department have official procedures to deal with unethical behaviour? Is there any ethics committee in your department/organisation and how often do they meet annually? Response:
5. What measures does your department/organisation have in order to deal with matters of unethical conduct and how effective are they? For example, Ethics and Code of Conduct, Ethics Hotline, etc. Response:
6. How is ethics integrated into your department/organisation's strategies, i.e. is it part of your KRA's, or Provincial Strategic Objectives? Response:
7. Are ethical values incorporated in your daily operation? Please explain Response:
8. Does your department/organisation have a fraud and prevention plan and/or anti-corruption strategy in place? Please explain

Response:	
9. Were there any critical unethical issues or conduct for the last five years in your department/organisation? Please provide details Response:	
10. How should the employees/public report unethical behaviour about your department/organisation? Is there any platform for reporting such behaviours anonymously? Response:	
11. How do you instil ethics and the Code of Conduct in your department, organisation or colleagues? What role do you play in encouraging your colleagues to behave ethically? Response:	
12. Has does your department/organisation institutionalise the SCM Code of Conduct? Does this apply to every employee or just to the SCM Practitioners? Please explain Response:	
13. How was this institutionalisation done, i.e. what processes were followed? And what was the reaction? Response:	
14. Has your department/organisation taken formal steps to incorporate the SCM Code of Conduct into daily operations? If yes, please explain Response:	
15. Which of the following core values will describe you best? You may tick off as many as you feel are applicable.	Mark with an "X"

Honesty	
Kindness	
Fairness	
Pessimism	
Seek leadership position to obtain power	
Optimism	
Respectful	
Teamwork	
Transparent	
Patriotism	
Accountable	

**ANNEXURE B: RESPONSES ON THE RESEARCH QUESTIONNAIRE PART B:
UNDERSTANDING OF ETHICS**

Participant No	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
1	1	5	5	1	1	5	5	5	1	5
2	3	3	4	4	2	4	5	4	1	5
3	2	1	2	3	1	5	5	5	1	5
4	3	4	2	4	4	4	4	4	2	5
5	1	3	2	3	1	5	4	3	1	5
6	1	3	4	4	5	5	5	5	1	5
7	2	4	5	5	2	5	5	5	1	5
5	1	3	3	4	3	3	5	5	3	4
9	1	5	5	5	1	5	5	5	1	5
10	3	4	4	3	2	5	5	5	1	5
11	1	3	5	5	1	5	5	5	1	5
12	1	5	5	1	1	5	5	5	1	5
13	3	3	4	4	2	4	5	4	1	5
14	1	3	2	3	1	5	4	3	1	5
15	1	3	4	4	5	5	5	5	1	5
16	2	4	5	5	2	5	5	5	1	5
17	1	3	3	4	3	3	5	5	3	4
15	1	5	5	5	1	5	5	5	1	5
19	3	4	4	3	2	5	5	5	1	5
20	1	3	5	5	1	5	5	5	1	5
21	1	3	2	3	1	5	4	3	1	5
22	1	3	4	4	5	5	5	5	1	5
23	2	4	5	5	2	5	5	5	1	5
24	1	3	3	4	3	3	5	5	3	4
25	1	5	5	1	1	5	5	5	1	5
26	3	3	4	4	2	4	5	4	1	5
27	2	1	2	3	1	5	5	5	1	5
25	3	4	2	4	4	4	4	4	2	5
29	1	3	2	3	1	5	4	3	1	5
30	1	3	4	4	5	5	5	5	1	5
31	2	4	5	5	2	5	5	5	1	5
32	1	3	3	4	3	3	5	5	3	4
33	1	5	5	5	1	5	5	5	1	5
34	3	4	4	3	2	5	5	5	1	5
35	1	3	5	5	1	5	5	5	1	5

36	1	5	5	1	1	5	5	5	1	5
37	3	3	4	4	2	4	5	4	1	5
35	2	4	5	5	2	5	5	5	1	5
39	1	3	3	4	3	3	5	5	3	4
40	1	5	5	1	1	5	5	5	1	5
41	3	3	4	4	2	4	5	4	1	5
42	2	1	2	3	1	5	5	5	1	5
43	3	4	2	4	4	4	4	4	2	5
44	1	3	2	3	1	5	4	3	1	5
45	1	3	4	4	5	5	5	5	1	5
46	2	4	5	5	2	5	5	5	1	5
47	1	3	3	4	3	3	5	5	3	4
45	1	3	5	1	1	5	5	5	1	5
49	1	3	5	5	1	5	5	5	1	5
50	1	5	5	1	1	5	5	5	1	5
51	1	3	5	5	1	5	5	5	1	5

**ANNEXURE C: RESPONSES ON THE RESEARCH QUESTIONNAIRE PART C:
INFORMATION ABOUT THE SCM CODE OF CONDUCT**

Participant No	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9
1	N	N	Y	N	N	N	N	Y	N
2	N	N	Y	N	N	Z	N	Z	N
3	N	N	Y	N	N	Z	N	Y	N
4	Y	N	Y	N	N	Y	N	Y	Y
5	N	N	Y	N	N	N	N	N	Y
6	N	N	Y	N	N	N	N	Y	N
7	N	N	Y	Y	N	N	N	Y	Y
8	N	N	Y	N	N	Y	Y	Y	N
9	N	N	Y	N	N	N	N	Z	Z
10	Y	Y	Y	N	N	Y	N	Y	N
11	Y	N	Y	N	N	N	N	Y	N
12	Z	N	Y	Y	N	N	N	Y	N
13	N	N	Y	N	N	N	N	Y	N
14	N	N	Y	N	N	N	N	Y	N
15	N	N	Y	N	N	Z	N	Z	N
16	N	N	Y	N	N	N	N	Y	N
17	N	N	Y	Y	N	N	N	Y	Y
18	N	N	Y	N	N	Y	Y	Y	N
19	N	N	Y	N	N	N	N	Z	Z
20	Y	Y	Y	N	N	Y	N	Y	N
21	Y	N	Y	N	N	N	N	Y	N
22	Z	N	Y	Y	N	N	N	Y	N
23	N	N	Y	N	N	N	N	Y	N
24	N	N	Y	Y	N	N	N	Y	Y
25	N	N	Y	N	N	Y	Y	Y	N
26	N	N	Y	N	N	N	N	Z	Z
27	Y	Y	Y	N	N	Y	N	Y	N
28	Y	N	Y	N	N	N	N	Y	N
29	Z	N	Y	Y	N	N	N	Y	N
30	N	N	Y	N	N	N	N	Y	N
31	N	N	Y	N	N	N	N	Y	N
32	N	N	Y	N	N	Z	N	Z	N
33	N	N	Y	N	N	N	N	Y	N
34	N	N	Y	Y	N	N	N	Y	Y
35	N	N	Y	N	N	Y	Y	Y	N
36	N	N	Y	N	N	N	N	Z	Z

37	Y	Y	Y	N	N	Y	N	Y	N
38	Y	N	Y	N	N	N	N	Y	N
39	N	N	Y	N	N	N	N	Y	N
40	N	N	Y	Y	N	N	N	Y	Y
41	N	N	Y	N	N	Y	Y	Y	N
42	N	N	Y	N	N	N	N	Z	Z
43	N	N	Y	N	N	N	N	Z	Z
44	Y	Y	Y	N	N	Y	N	Y	N
45	Y	N	Y	N	N	N	N	Y	N
46	Z	N	Y	Y	N	N	N	Y	N
47	N	N	Y	N	N	N	N	Y	N
48	N	N	Y	Y	N	N	N	Y	Y
49	N	N	Y	N	N	Y	Y	Y	N
50	N	N	Y	N	N	N	N	Z	Z
51	Y	Y	Y	N	N	Y	N	Y	N