



*Ethics Institute
of South Africa*

iLGM
Institute for Local Government Management

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Implementing an Ethics Programme 26 March 2010

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Introductory remarks -1

- ***Organisational survival and prosperity***
 - satisfy the reasonable requirements of all stakeholders
- ***Organisations establish credibility by:***
 - consistently saying what they are going to do,
 - by doing it and
 - then by telling the stakeholder what they have done.

Introductory remarks -2

- ***Ethical challenges for the municipality***
 - ***Proactive:*** Building an ***ethical culture***
 - Trust
 - Reputation
 - ***Defensive:*** Preventing ***ethical misconduct***
 - Fraud, corruption, theft
 - Race and gender issues
 - Sexual harassment, absenteeism, unprofessionalism

Introductory remarks -3

- **Unethical practices**

- Undermine core ethical values – integrity, honesty, trust, justice/fairness
- Become structurally embedded (“*this is how things are done here*”)

- **Consequently**

- Municipality’s reputation suffers (loss of trust)
- Harm, prejudice or material loss to
 - Internal stakeholders
 - External stakeholders

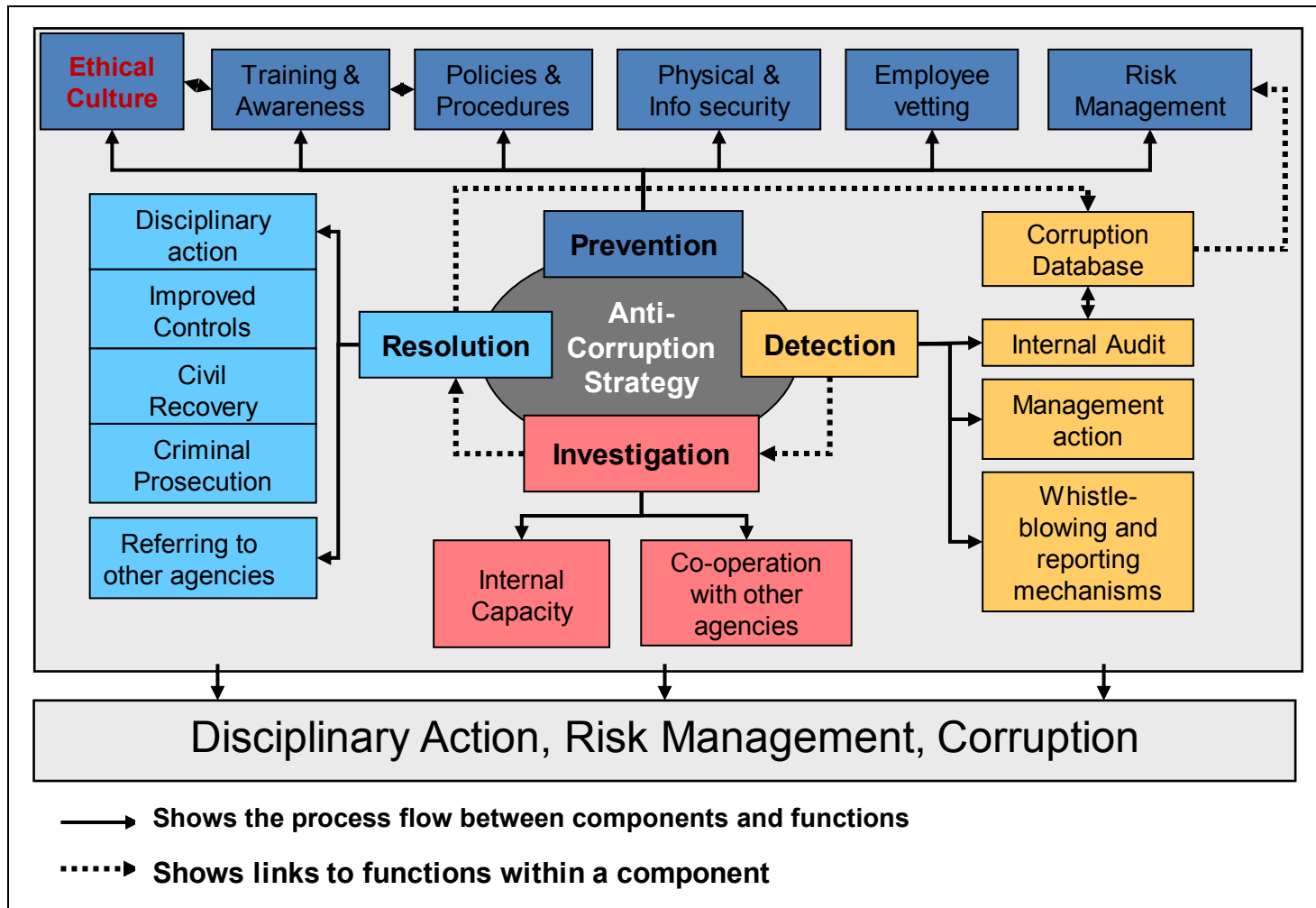
Introductory remarks -4

- ***Ethics is all aspects of the business of municipalities***
 - Executive and senior management strategies and control
 - HR, IT, technical
 - Service delivery
 - Accounting practices
 - Relationships with the public and suppliers

Introductory remarks — 3

- **Ethics management** in organisations
 - ***Strategic and operational intervention*** to meet these ethical challenges
- **King III** on ethics management
 - Ethics ***performance***
 - Ethics ***reporting***

Local imperatives – MACC



Local imperatives - King III

- *To be sustainable a company/organisation should*
 - Run a sound *business* operation
 - Live by ethical *standards*
 - Build a *culture* of integrity

King III — Background

Ethics and (corporate) governance are internally connected in two ways

- ***“Ethics of governance”*** — ***The foundation of corporate governance is ethics***
 - ***This is what all of King is about***
 - Every aspect of corporate governance is a response to the ***moral imperative*** to create and maintain an ethical company or be a good corporate citizen

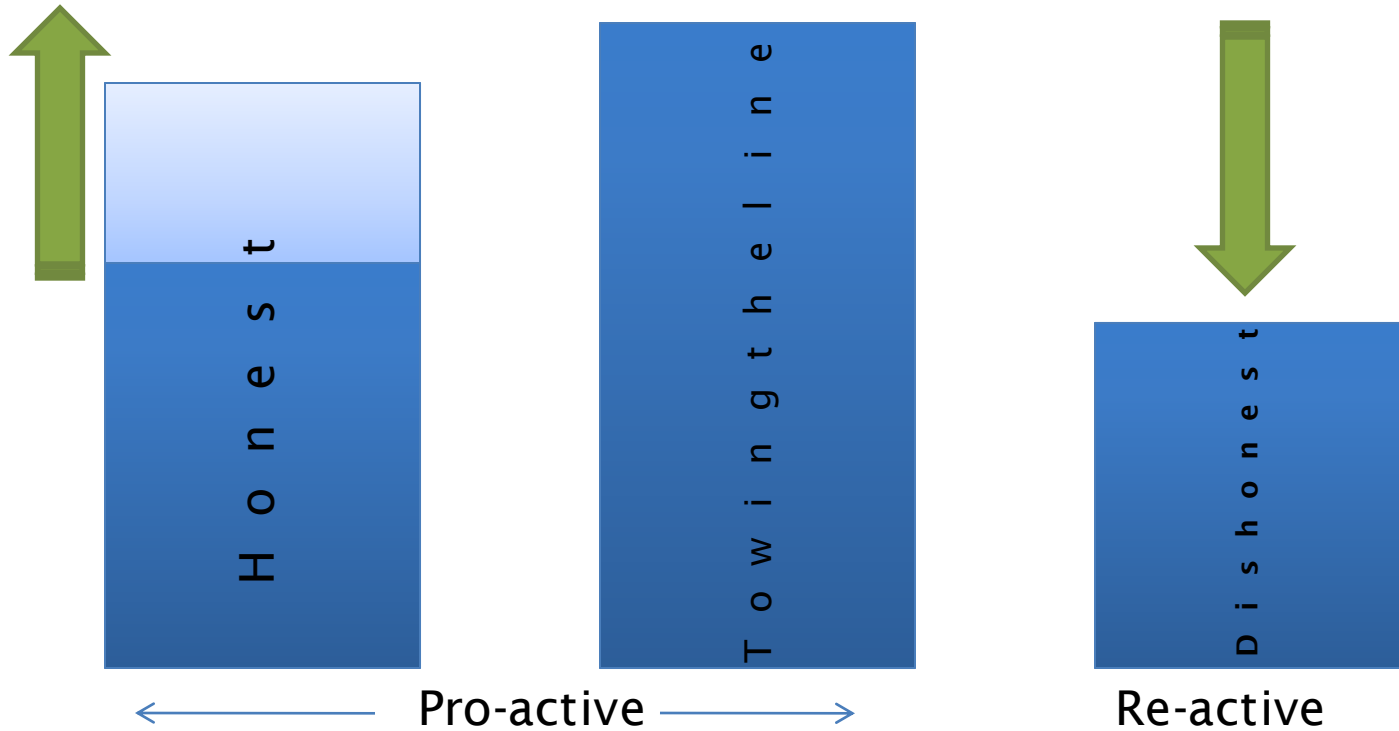
- ***“Governance of ethics”*** — ***A company’s ethics needs to be actively managed***
 - ***This is what King’s ethics chapter is about***
 - Ethics performance in the workplace is ***governed and managed*** by means of a corporate ethics management programme (“ethics programme”)

King III — Background

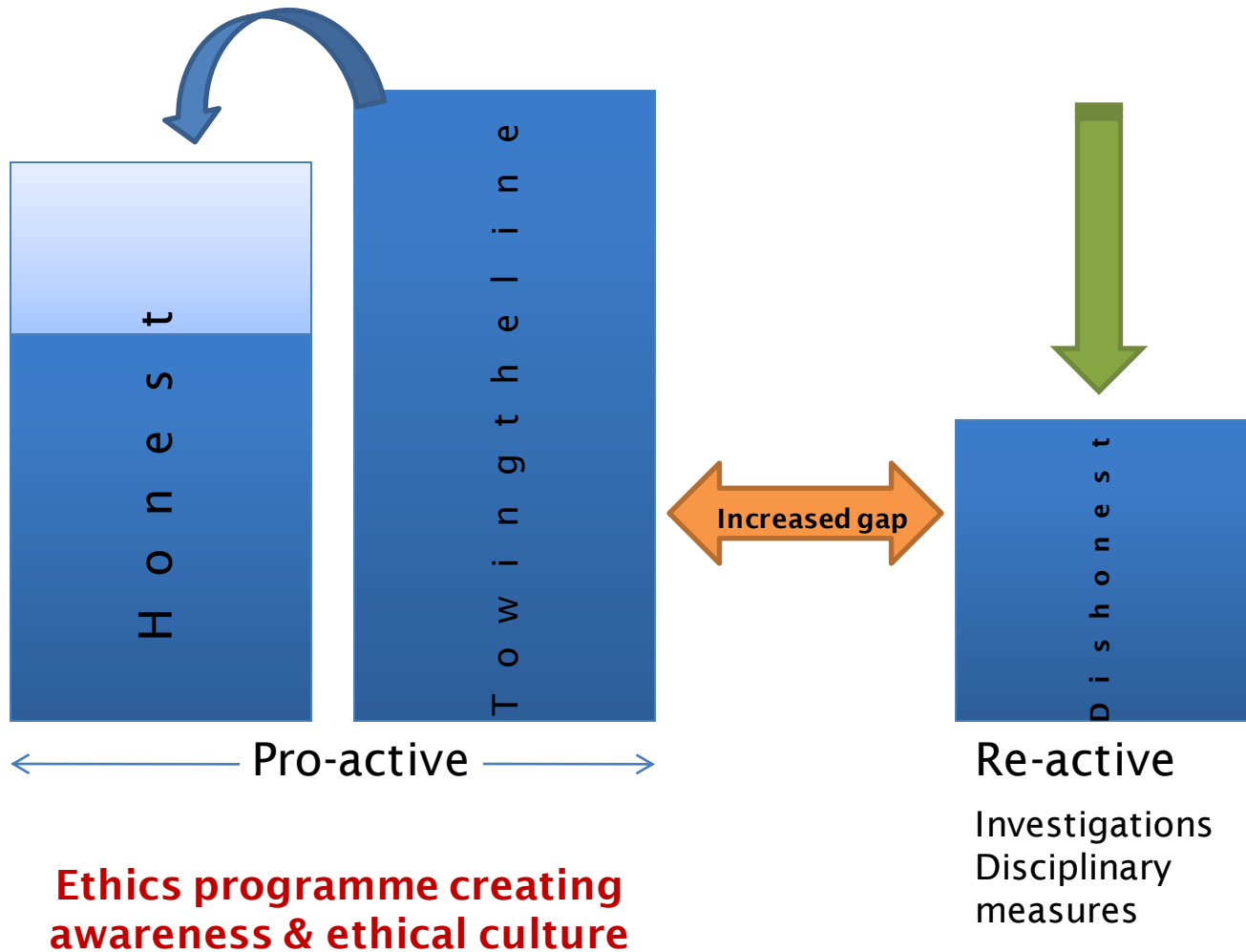
- **“Ethics of governance”**
- **Four ethical values underpin good corporate governance, and thus decisions and actions of the executive management**

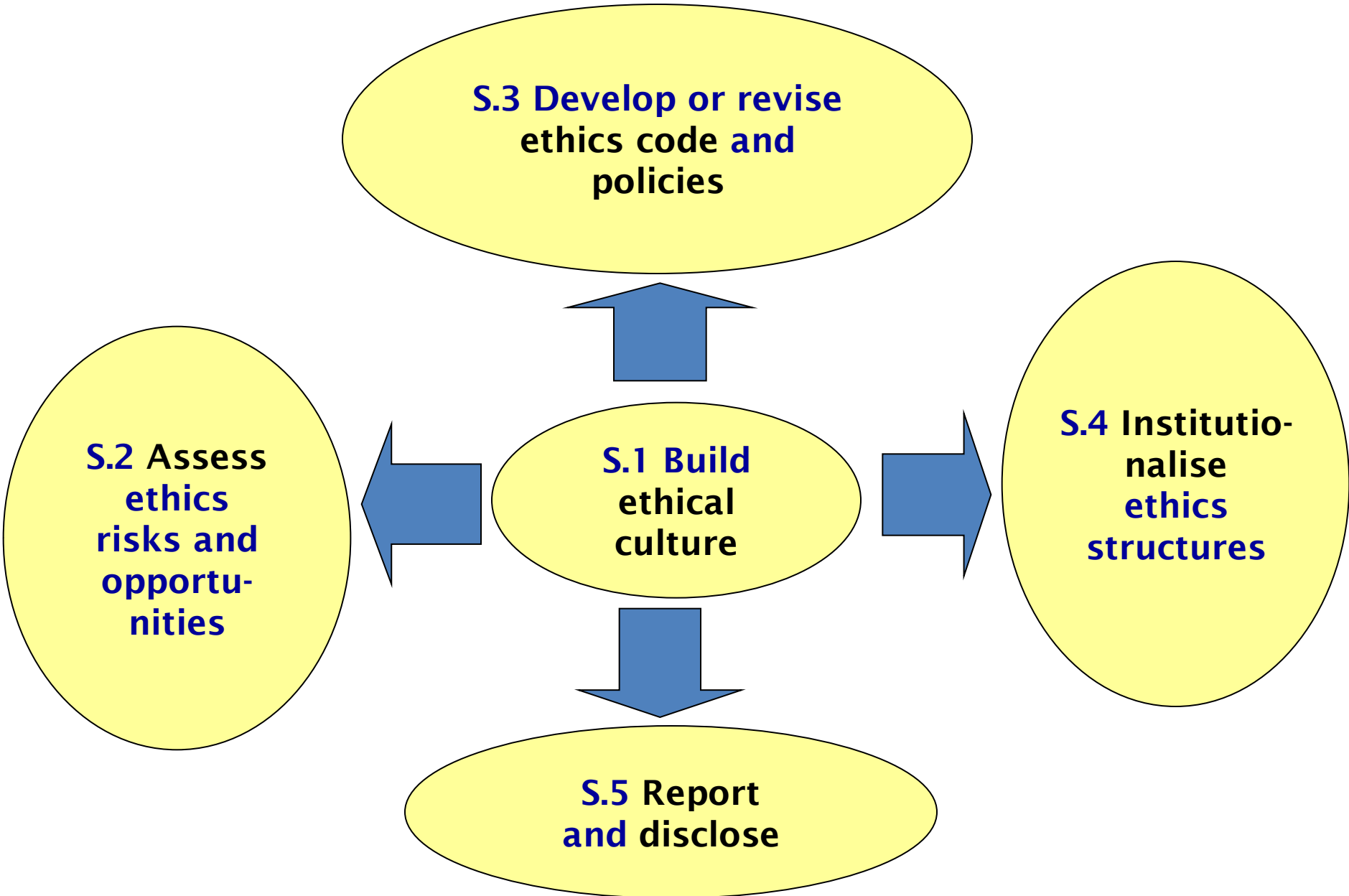
1. Responsibility
2. Accountability
3. Fairness
4. Transparency

Ethics programme - 1



Ethics Programme - 2





Five components of an ethics programme - 1

Commit

- Senior management commitment and leadership

Assess

- Measure organisation's structures, values, outcomes (ethics audit)

Five components of an ethics programme - 1

Codify

- (R)edevelop a Code of Ethics
- Policies (gifts, conflicts of interest)

Institutionalise

- Set up formal prevention infrastructure
- Training,
- Communication,
- Helpline,
- **Hotline,**
- Monitoring, publishing

Five components of an ethics programme - 1

Institutionalise

Mutual support of ethics structures and organisational culture, creating a “common sense” of ethics in the organisation

- Clearly stated position of senior management
- Harmonising formal and informal cultures
- Communication strategy
- Education and training strategy
- Rewards and disciplinary measures
- Reaction to critical events

Five components of an ethics programme - 1

Report and disclose

- Report on ethical performance to executive management
- Report in annual report
- Internal auditors
- External auditors

Closing remark

- *“Ethics is not an optional add-on to ‘normal’ business, nor it is a ‘soft’ issue. All business strategies and operations have an ethical dimension that we cannot escape — as we cannot escape our own shadow. Ethics holds enormous risks for companies [organisations], but — more importantly — creates reputational opportunities.”*

- *Prof Willem Landman, CEO, EthicSA*

Open forum

- **Questions**
- **Thank you !**