

ETHICAL CODES FOR TRAINING STAFF IN SOUTH AFRICAN COLLIERIES - A CASE STUDY

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SYNOPSIS

Key words: Ethical behaviour, codes of conduct, values, integrity, training and development, human resource development, training staff, ethical dilemmas, morals, professionalism, biographic- and demographic factors.

The title of the research is “Ethical codes for training staff in South African Collieries – a case study”. The research was conducted in coal mining training centres in the Free State, Gauteng and the Mpumulanga provinces of South Africa.

The objective of the research was to examine ethical codes currently in place internationally and locally. Based on this research the research was then focused on its contribution to the human resource development arena. South African coal mining training centres staff were interviewed regarding how they perceived ethical codes and ethical conduct and the importance of these concepts to their daily work lives.

It was found that training staff were aware of ethical behaviour and conduct. Factors such as age, the type of professional association a person belongs to were found to be significant.

Recommendations were made regarding further research on ethical conduct in other mining products, companies a for human resource development practises.

OPSOMMING

Sleutelwoorde: Etiese gedrag, gedragskodes, waardes, integriteit, opleiding en ontwikkeling, menslike hulpbron ontwikkeling, opleidingspersoneel, etiese dilemmas, morele waardes, professionalisme, biografiese- en demografiese faktore.

Die titel van die navorsing is "Etiese kodes vir opleidingspersoneel in Suid Afrikaanse steenkoolmyne – 'n gevalle studie." Die navorsing is gedoen in steenkoolmyn opleidingssentrums in die Vrystaat-, Gauteng- en Mpumulanga provinsies van Suid Afrika.

Die doelwit van die navorsing was om inligting in te win oor internasionale en plaaslike tendense rakende etiese kodes. Die navorsing is daarna verder gefokus op menslike hulpbron ontwikkeling. Hierdie bespreking is gevolg deur die insameling van inligting aangaande hoe steenkoolmyn opleidingspersoneel etiese kodes begryp en meer spesifiek, hoe belangrik hierdie personeel etiese gedrag binne werksverband ervaar

Daar is bevind dat ouderdom en die lidmaatskap van professionele liggame beduidend is vir die dag tot dag etiese ervaring van opleidingspersoneel. Hierdie bevindings toon aan dat biografiese- en demografiese faktore toepaslik is in opleidingspersoneel se ervaringsopset

Areas vir verdere navorsing op die gebied van etiese gedrag in ander mynbou tipes, maatskappye en vir menslike hulpbron ontwikkelingspraktyke is aangetoon.

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CHAPTER 1

1 ORIENTATION, PROBLEM STATEMENT AND METHODOLOGY

1.1 TITLE

Ethical codes for training staff in South African collieries –
A case study.

1.2 ORIENTATION AND PROBLEM STATEMENT

Ethical behaviour in business is under intense public scrutiny especially after the collapse of Enron, Worldcom and other companies in the United States. Poor ethical standards and the actions of business leadership played a major role in the demise of Enron and Worldcom (Baley, 2004:1; Hatcher, 2003:44). The public outcry resulting from these and other failures culminated in the enactment of the Sarbanes-Oxley Act of 2002 which created new governance and ethical business practices for both government institutions and private companies in America (Selinger, 2004:2).

South Africa is also not immune from similar corporate scandals with Leisurennet, Masterbond, Regal Bank, MacMed, Corpcapital and Saambou and the more recent Fidentia fraud case where the Transport Sector Education and Training Authority (THETA), as part of state-owned enterprises, were involved (HR Research Initiative, 2009).

A common feature in all of these scandals is the involvement of people. People management is in the domain of managers of organisations, but the human resource (HR) fraternity is closely involved with providing advice and guidance on the best people management practises. Corporate governance should be one of the basic knowledge and skills areas of any HR practitioner, or should become one, if not part of a current skill set.

In South Africa the King II (2002) and the King III (2009) reports advocate the improvement of corporate governance provisions. The King III report makes the organisation's board of directors and the company secretary responsible for corporate governance. In particular, both King reports are underpinned by the corporate governance principles of *discipline*,

transparency, accountability, independence, responsibility, fairness and social responsibility (HR Research Initiative, 2009:1). Major emphasis is therefore placed on company directors to manage companies based on the best ethical standards (Leppan & Beech, 2005:12-13).

The board of directors normally delegates the responsibility for the corporate governance policies and procedures to the company's human resource department. Typically, training and education on corporate policies and procedures will end up with the human resource development (HRD) section. The HRD section needs to determine the most effective method(s) to ensure a successful transfer of the corporate governance knowledge and skills to all stakeholders. The education and training in ethical conduct is therefore placed squarely in the HRD section's sphere of influence. Seen in the light of HRD's responsibility for ethical conduct the HRD discipline, in itself, cannot be perceived as being unethical by any of its internal or external stakeholders.

Based on the afore-mentioned discussions the professionalism of HRD staff is under renewed scrutiny. The manner in which HRD staff conducts themselves to company employees and the community at large will create a positive or a negative image for the organisation. The credibility of HRD as a profession is at stake. HRD professionalism will be discussed in greater detail in chapter 2.

HRD, as an area of research, comprises a number of diverse disciplines such as education, psychology, sociology, economics, general systems theory and organisational behaviour (Hatcher, 2002:8; Ruona, 2002:5; Swanson, 2001:5). Swanson (1999) summarised the most influential HRD theories as economics, general systems theory and psychology. These disciplines are compared by the author to the legs of a three- legged stool. Ethics have become increasingly important and may be likened to a rug underneath the three-legged stool, to symbolise how ethics and ethical conduct should permeate the three legs of HRD, research and practise.

Such diversity in HRD created a mounting challenge for its legitimacy and a move towards greater professionalism (Ruona & Rusaw, 2001:19). Work on ethics and integrity will assist in the development of HRD as a profession (Burns, *et al.*; 2001:11).

In defining the terminology used in this research Ören (2002:1) quoted from the American Heritage Dictionary which defines ethics as: "a set of principles of right conduct, and a theory or system of moral values (i.e. values concerned with the judgment of the goodness or badness of human action and character)".

The importance of defining the concepts associated with ethical conduct is highlighted by Kennedy (2000:19) who identifies a general confusion amongst Americans regarding what is meant by the terms "law", "morals" and "ethics". He defines morals as principles rooted in human experience which was arrived at through soul searching and reflection on what is

right and wrong. Ethics are principles of right and wrong conduct embodied in the ideals and behavioural expectations of certain societal groups e.g. lawyers. Law in itself is neither moral nor ethical, but is developed by competent authorities such as legislature.

Hatcher (2003:44) accuses HRD practitioners of displaying knee-jerk reactions to the sudden demand for ethical training since part of the confusion identified by Kennedy (2000:19) could be due to a lack of ethical training/awareness. Ethical training should be part of a human resource strategy incorporating rewards, communications and performance management. The author emphasises that ethical training needed to focus on the development of ethical behaviours through concentrating on and addressing the ethical expectations of employees. In addition, there is a requirement for HRD staff to serve as ethical role models for all its stakeholders. These requirements create a need for new competencies amongst HRD practitioners. In line with this argument Kuther (2003:341) observes that ethics are not something people are born with, but a set of knowledge and skills that need to be taught.

Okpara (2003:1) indicates that a corporate code of ethics should be a foundation on which employees made decisions based on honesty, integrity, confidence and trust. Employees needed to be aware of company policies and ethics in order to resolve ethical dilemmas. Such policies also needed to specify who an employee could approach in order to resolve these ethical dilemmas. In support of Okpara's (2003) research it was found that formal codes of ethics in organisations generally inhibited unethical conduct amongst employees (Adams, *et al.*, 2001; Somers, 2001; Wotruba, *et al.*, 2001).

Murphy, *et al.* (1992) found a relationship between ethical codes of conduct and employees' behaviour. They found that employees in organisations with formal codes of ethics were more aware of wrongdoing than employees in organisations without formal codes of ethics. In his study of ethical behaviour amongst financial managers in Nigeria, Okpara (2003:7) found support for the above-mentioned finding of Murphy *et al.* A concerning finding from Okpara's (2003:8) study is that employees in companies with formal ethical codes were not more likely to report wrongdoing than employees where no formal ethical codes existed. Therefore, other dynamics move employees to become whistleblowers on unethical conduct in the organisations they are associated with.

Lane (1991:1) provides part of the answer to Okpara's (2003) findings. He found that the CEO and the board of directors played a crucial role in determining how ethical behaviour was applied in companies. He provides the following three-fold approach:

- employees needed to realise that expectations for ethical behaviour started with top and senior management expecting people to behave in accordance with ethical standards ;

- the best method of indicating such support is the adoption of an explicit, unconditional support of a corporate code of conduct , and
- specific training interventions were necessary to prepare managers to consider ethical implications of business decisions.

Louw (2005a:1) emphasises that all stakeholders should be consulted in the preparation of an ethical code. The cultural values of the organisation needed to be incorporated into such code. Any ethical code should typically include a rationale for the code, value system on which the code is based as well as a set of sanctions for violation of the code. The importance of stakeholder participation in the development of an ethical code is discussed in chapter 2.2.4.

Louw (2005b:1) explains that with the implementation of an ethical code the process should be planned, organised, directed and controlled. He warns against framing the ethical policy and sending it to all organisational members. Hatcher (2003:44-45) calls this the “print, post and pray” approach.

Wiscombe (2002:30) identifies nine steps in the implementation of any ethics programme, namely:

- commitment from the top ;
- written code(s) of conduct ;
- communication ;
- effective training strategy ;
- provision of the necessary resources (e.g. rewards) ;
- implementation strategies ;
- rewards and recognition ;
- regular audits ; and
- assessments combined with regular revisions of ethical codes.

From the discussion above it may appear that ethical codes of conduct are only applicable to individual organisations. There are, however, a number of international organisations such as the Global Reporting Initiative (GRI), the Organisation for Economic Co-operation and Development (OECD) and the United Nations Global Compact who created ethical codes for conducting business across national borders (HR Research Initiative, 2009:1). These

international codes need to be considered in developing local codes of conduct. A more detailed discussion of these international codes will be provided in chapter 2.

Professional associations also published codes of conduct for members of their profession. An example of a code of conduct for the HR profession in South Africa is the one drawn up by the South African Board for People Practises (SABPP) which consists of four main pillars – *responsibility, integrity, respect* and *competence* (see full SABPP code attached as appendix B). Professional codes will be discussed in chapter 2. The major emphasis of the current research is on ethical codes in organisations as it impact on the HRD profession.

The general comments above make it clear that ethical behaviour is currently a major concern for organisations around the globe. Ethical codes of conduct have become necessary for both employees and management to understand ethical conduct and -behaviour, but an ethical code of conduct is only one component of the management process. It was realised that unless ethical conduct was modelled and communicated by top management employees would fail to adhere to such a code of conduct.

South African HRD practitioners are facing similar problems in a rapidly changing local and global environment. A review of literature showed a paucity of research into ethical conduct, and it was therefore the aim of this study to conduct research into ethical conduct at a number of coal mining company training centres. It is envisaged that such research will not only create debate about ethical conduct, but that it will also assist in a drive towards greater professionalism in the HRD discipline in the coal mining industry.

1.3 PROBLEM QUESTIONS

The following problems questions arose from the brief discussion and orientation on the research:

- 1.3.1 How does training staff in HRD centres of South African collieries perceive ethical conduct and ethical behaviour?
- 1.3.2 To which ethical issues are training staff in South African collieries exposed to in their jobs?
- 1.3.3 What influence do biographic factors have on training centre staff?
- 1.3.4 What impact do demographic factors have on training centre staff?
- 1.3.5 How does training staff in South African collieries deal with the ethical issues they encounter?

1.4 AIMS OF THIS STUDY

The aims of the study are:

- 1.4.1 Aim 1: to do a literature study to determine what is meant by ethics and ethical conduct;
- 1.4.2 Aim 2: to conduct a survey amongst training staff in South African coal mines to determine how they perceive ethics and ethical conduct in their jobs;
- 1.4.3 Aim 3: to determine what influence biographical factors (e.g. age and gender) have on training centre staff;
- 1.4.4 Aim 4: to establish what influence demographic factors (e.g. education and position) have on training centre staff, and
- 1.4.5 Aim 5: to report the findings and make recommendations for further research.

1.5 KEY TERMS/CONCEPTS

Ethical behaviour, codes of conduct, values, integrity, training and development, human resource development, training staff, ethical dilemmas, morals, professionalism, biographic – and demographic factors.

1.6 METHOD AND SCOPE

The research method consisted of a literature review and an empirical study.

1.6.1 Literature study

The research commenced with an intensive literature review. Searches were made of both library- and web-based data sources (EBSCO-Host, ERIC data base and the internet were used). The following key words were used for the literature survey: *ethical behaviour, codes of conduct, values, training and development, human resource development, ethical dilemmas, morals, professionalism and integrity.*

1.6.2 Empirical research

Based on information obtained in existing literature a questionnaire was developed to gather quantitative information from training staff in South African coal mines. Four levels of training personnel were targeted: in descending order these are – training managers (in charge of the training function), senior training officers, training officers and assistant training officers.

Although only these four levels were initially considered for the research population a number of administrative staff also completed the questionnaires (see section 3.2).

A quantitative research method was selected for this research because it makes it possible to generalise the research to other settings; statistical techniques can be used to establish cause-effect relationships; there are time constraints in the collection of data; and questionnaires are a practical method of collecting information from respondents (Onwuegbuzie & Leech, 2003). A questionnaire was developed to obtain the information required by aims two to four of this research, namely to determine the perceptions of training centre staff on ethical conduct, as they experienced it in their daily tasks, together with the influence of demographic- and biographical factors on them.

The population for the research included of all the training centre staff (from training manager level to assistant training officer level) at coal mines and group training centres in the Mpumalanga -, Free State - and Limpopo provinces. Coal mines in these provinces were identified through information obtained from the Chamber of Mines of South Africa and through information obtained from training staff at the various collieries. Although there are training centres in other provinces, such as KwaZulu-Natal and the Eastern Cape, the research was limited to the three above-mentioned provinces (see chapter 3 for a more detailed explanation of this).

The research commenced with the researcher approaching the central training centre of each of the major mining houses. In general, central training centres need to translate corporate strategy into policies and procedures which are implemented in conjunction with mine level training centres. Although, in practise, individual mines may have interventions applicable to that particular mine, they are aligned with overall company strategy. The researcher met with central training centre managers to explain the research, to explain what was required from both the central and individual mine training centres and to obtain contact details of relevant mine level training staff.

Random sampling was not suitable for the research since there were no reliable records of all the training staff in the targeted groups which could be used for random selection. A non-probability statistical method was applied with the aim of obtaining as large a number of training staff in the four targeted categories. The objective was to reach as many of the training staff in each category as was practically possible within the limited time and resources available.

A number of biases were introduced from the original research design and the practical challenges encountered when conducting the data collection. These biases are discussed in

chapter 3 under section 3.3. The questionnaire that was used to collect the required information is attached as appendix A.

Once the questionnaires were collected they were scored. The Statistical Consultancy Service of the North-West University (Potchefstroom Campus) assisted with the statistical analysis of the data and also provided advice on the interpretation of the statistics. The following statistical methods were used:

- descriptive statistics ;
- factor analysis ;
- analysis of variance (ANOVA) ; and
- effect sizes.

1.7 CHAPTER OUTLINE

The following chapter arrangement was adopted:

Chapter 1: Orientation and problem statement.

This chapter provides a broad overview of the study. It serves to orientate the reader in terms of the approach that was adopted in the research.

Chapter 2: Literature review on ethical conduct.

Chapter 2 covers the literature review on ethics and ethical conduct.

Chapter 3: Research methodology.

In this chapter the methodology that was used will be discussed in detail. The reliability and validity of the research will also be dealt with.

Chapter 4: Discussion of findings, conclusions and recommendations.

In the final chapter the findings of the research will be covered. Conclusions about the research will be formulated and recommendations will be made.

1.8 CONTRIBUTION OF THE RESEARCH

The study will expand the knowledge regarding ethics and ethical conduct at training centres in South African coal mines in the Mpumalanga -, the Free State - and Limpopo provinces. The research will expand the knowledge of ethical conduct as it is practised in the training environment of the coal mining sector of South Africa.

CHAPTER 2

2. ETHICAL CONDUCT IN THE HRD ENVIRONMENT

2.1 INTRODUCTION

Chapter 1 highlighted a number of highly publicised cases of unethical conduct in monetary driven and public organisations. Such cases led to a renewed focus on ethical conduct in public and private enterprises and society in general. One of the main challenges resulting from the debate on ethical conduct is the clarification of concepts surrounding ethics and ethical behaviour. Section 2.2.1 examines ethical conduct in order to create a common understanding of the concepts in the context of the current research.

Because the organisations within which an individual operates have a major influence on how ethical conduct is defined and experienced section 2.2.2 will examine these organisational influences in greater detail.

Organisations and individuals need to function within a global environment, and the global market places an additional focus on ethical conduct because organisations are required to display and practise a set of corporate governance rules that are acceptable to the international globalised community. Section 2.2.3 examines some international and South African trends in terms of ethical conduct.

One of the most common responses to the global demand for ethical conduct is the development of a code of ethics/conduct within organisations and general society. Section 2.2.4 covers the development and implementation of codes of conduct and the requirement for inclusive participation in code development and implementation.

Section 2.3 deals with values in monetary driven organisations. Specific attention is given to ethical leadership and the application of decision-making models within the context of acceptable ethical value systems. This section is followed by a discussion on the influence of ethics on HRD and types of unethical conduct found within HRD (section 2.4).

2.2 CLARIFICATION OF CONCEPTS.

There is much confusion about the meaning of concepts associated with ethics, as explained in chapter 1. In this section ethical concepts will be discussed and a comprehensive definition of the concept *ethics* will be formulated to guide the current research.

2.2.1 Definitions of ethics and ethical conduct

Cranston, *et al.* (2003:137) concluded that ethics can not be clearly defined, but that its definition is subject to conflicting descriptions. In some instances ethics is defined in terms of what it is not,- for example,- it is not misconduct, corruption and fraud.

Other definitions raise notions of integrity, honesty, personal values and professional codes. The above-mentioned authors emphasised that ethics deals with relationships, whether with people, animals or the environment, in which the organisation operates. Simply put, ethics demands a judgment call to be made regarding a given problem or situation. Ethical dilemmas are a result of situations where a choice needs to be made between competing sets of principles.

Johnson (2004:2) agrees with this lack of clarity regarding ethical concepts. She indicates that differing disciplines, such as philosophers, lawyers, theologians, scholars and business leaders have widely divergent views of ethical conduct. Terms such as “values”, “ethics”, and “morality” are viewed from each discipline’s own perspective. Such diversity of views could be problematic as it creates difficulty in comparing research findings. It, however, also provided an opportunity for a discourse between the different interest groups leading to an improved understanding of ethical concepts.

Benjamin (1990), as quoted in Huberts (2005:2), defines ethics as “the collection of moral values and norms, functioning as standards or yardsticks for assessing the integrity of one’s conduct.” Huberts also explains that the moral nature of values and norms refers to what is right, just or good conduct.

Dessler (2006:15) is of the opinion that not all decisions necessarily involved ethics, but that ethics become evident in any decision dealing with questions of good or bad, right or wrong. Bauer (2005:1) summarises ethics as the way in which people do or do not live by laws, rules, guidelines and codes of conduct. According to this view ethics are “doing the next right thing”. It is the rules people follow, regardless of what the stated rules are – they are people’s personal code of conduct.

The views expressed thus far indicate the confusion amongst observers regarding ethics and ethical conduct. Several ideas are expressed by authors, and although there appears to be a debate around ethics and ethical conduct, there is little attempt to reach unity about the

concepts between disciplines. Razafiarinovy (2003:1) concurs that, - although ethical conduct is expected from employees and their management, the understanding of what actually constitutes ethical (or unethical conduct) is lacking.

Honderich (1995) identifies two primary components of the term "ethics". Firstly it refers to morality, which deals with issues of what is good (right or wrong) and what ought to be done. Secondly, axiological ethics is concerned with values. Values do not focus directly on what should be done, but on what is worth pursuing or promoting and what should be avoided. The author therefore proposes a distinction between morals and values. In the researcher's opinion, values serve as the lens through which ethical conduct is filtered before moral /immoral actions take place, although such a lens could have features unique to individuals as well as generally accepted societal values (e.g. you are not allowed to kill another person under normal circumstances).

Klinker and Hackman (2003:7) indicated that there are two schools of thought in relation to ethics. The first group believes that certain principles, rules, ideas and ideals exist that transcend individual preferences and guide objective decision-making - an ethical code of conduct would serve as an example of these. The second school of thought holds that an ethical individual will have a certain value-based orientation which would shape his/her understanding. The importance of the individual and the group to which he/she belongs in terms of ethical conduct is highlighted from the two perspectives.

Johnson (2004:3), in combining the two perspectives discussed above, defines ethics as a set of individual or organisational core values used to make decisions or to take action. It is the researcher's view that organisational values should also include societal values as these impact on the individual perhaps even more than organisational values. Johnson adopts an integrative approach which showed that both the individual values and the context within which these values are enacted, must be considered.

Ethics, on their own, are not sufficient. Johnson (2004) concurs with Chen *et al.* (1997) by showing what is "correct" and "moral" was frequently defined by the environment within which the individual made his/her decisions. The action of killing someone, for example, could be justifiable in a context where one is acting in self-defence.

Baker, *et al.* (2006:850) links individual and situational factors by explaining that the individual perspective involves that one's values, motives and traits determine ethical behaviour. Proponents of the situational perspective indicated that the characteristics of the situation or organisational environment accounted for variances in ethical behaviour.

From the discussion it appears that the interactionist approach is the preferred one as it combined both the individual and contextual situation in which a person finds himself/herself. Both are important in guiding and shaping a person's behaviour.

2.2.2 Organisational influences

Hatcher (2002:26) highlights the influence of multi-national corporations on the value systems of host nations and how these alter the culture of communities and businesses within these host nations. His discussions serve as another example of how globalisation influences ethics and ethical conduct, either positively or negatively.

Dubinsky and Ingram (1989) report how subjective organisational norms and culture impact on people's intended behaviour. Singhapakdi and Vitell (1990) made similar findings and define the impact of organisational culture on behavioural intentions. The cultural norms of an organisation have a significant impact on its members.

Trevino, *et al.* (1998) describe corporate ethical values as a subset of organisational culture. It represented a multidimensional interplay amongst various "formal" and "informal" systems of behavioural control. Informal systems include a set of beliefs, norms and practises shared by people in the organisation. Formal organisational systems refer to reward structures, policies and codes, amongst others.

Adam and Rachman-Moore (2004:227) identify three methods of behavioural control. The first of these are *formal* methods or controls included in training and courses in ethics, means of enforcement, conferences and ethics officers. *Informal* methods include the example set by the manager and the social norms of the organisation. The third method relies on the *individual*, rather than the organisation. The individual's personal ethical standard is the most important control mechanism.

Although all three methods are effective (if used independently or in combination) Adam and Rachman-Moore (2004:240), in a study conducted in an Israeli subsidiary of a high tech United States organisation, found the informal method to be the most effective. The example set by the supervisor was the most important in influencing employees to act in an ethical manner. Their findings have major implications, since it means that organisations could gain the most value from training their supervisory staff in ethical conduct. When trained, committed supervisors model ethical behaviour towards subordinates, it has greater value at a lower cost than other, formal compliance methods.

Phillips (2008:1) stresses the importance of top management in determining how a business generates wealth and whether this is sustainable in the long term. The approach adopted by the organisation's CEO creates the culture in that organisation. If the CEO rules with fear people will tend to filter bad news from top management leading to poor long-term results. If remuneration or incentive schemes are in place which encourages excessive risk taking, again the incorrect types of behaviour are reinforced.

Mason (2001:48-50) described the influence of the modernised era on people's ethical conduct and sense of identity. In the pre-modern society people had a clear understanding of their role in society, but a greater emphasis on individualism in the modernist era led to a blurring of work roles within organisations. Division of labour meant that employees only made a part of the final product. This division, combined with constantly changing roles, led to confusion and disenchantment with current realities. Mason (2001) emphasised a need for the ethics of integrity which is a higher-order step than a previous reliance on rule-based behaviour. The challenge is for organisations and society to determine how such ethics of integrity could be developed amongst individuals and social groups.

The confusion resulting from changing roles and expectations led to attempts to codify ethical behaviour through the adoption of a set of rules. In section 2.2.3 a number of international trends on ethical conduct are discussed. The discussion concludes with a view on the current South African perspective on ethics.

2.2.3 International trends in ethical conduct

Donaldson (1989), quoted in Dean and Barton (1996:679), identifies the following international rights which are accepted worldwide as the minimum standard of human rights:

- right to freedom of physical movement ;
- right to ownership of property ;
- right to freedom from torture ;
- right to a fair trial ;
- right to non- discriminatory treatment ;
- right to physical security ;
- right to freedom of speech and association ;
- right to minimal education ;
- the right to political participation ; and
- the right to subsistence.

The Global Reporting Initiative (GRI) drew up a set of guidelines for organisations to report on economic, environmental and social performance as compared to organisations only reporting on financial results. The GRI was a project operated by the United States group the Coalition for Environmentally Responsible Economies (Ceres) and the United Nations Environment Programme (UNEP), but became an independent institution in 2001. In the year 2000 the GRI drew up the first set of guidelines with the third set of these guidelines, known

as G3, being published in October 2008. By this date a total number of 451 organisations were formally reporting on their use of the GRI guidelines (Business in the Community, 2008).

Another international initiative is the United Nations Global Compact who developed ten principles for global companies to aspire to. These principles are as follows:

Human rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights ; and

Principle 2: it must make sure they are not complicit in human rights abuses.

Labour standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining ;

Principle 4: it must eliminate all forms of forced or compulsory labour ;

Principle 5: the effective abolition of child labour ; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges ;

Principle 8: it must undertake initiatives to promote greater environmental responsibility ; and

Principle 9: it must encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery (United Nations Global Compact, 2010).

Based on these principles it is clear that international, national and even organisational codes of conduct need to meet the principles espoused by the United Nations Global Compact for such codes to be fully acceptable.

In section 2.2.3.1 the approach to corporate governance and codes of conduct will be examined as it is practised in the United States and the United Kingdom.

2.2.3.1 Ethical conduct in the United States

It was mentioned above that the collapse of Enron served as a major international wake up call with regard to organisational ethics and integrity. Thomas (2006:44) refers to the so-called “Enron effect” – a rather apt phrase, as Enron became the symbol of unethical corporate behaviour. Thomas quotes Buell, a visiting law professor at the University of Texas, as saying that Enron is the 9/11 of the financial markets. This statement may have been overtaken by the recent turmoil in the international financial markets, but it illustrates the importance of lessons emanating from organisational mismanagement.

The United States government reacted to the circumstances around the collapse of several American companies such as Enron, WorldCom, Adelphia and Tyco enacting the Sarbanes-Oxley Act of 2002. According to Selinger (2004:1) the act provides for the following:

- with regard to public companies guidelines and protection are provided for whistle blowing on unethical conduct – a ten year jail sentence could result if a company retaliated against a whistleblower under certain circumstances ; and
- a guideline was introduced for companies to establish and maintain a code of conduct.

The Sarbanes-Oxley Act of 2002, coupled with the Federal Sentencing Guidelines discussed below, also led to stock exchanges creating new corporate governance rules for listed companies. One of these rules was the implementation of a public code of conduct. Such codes of conduct had to provide for consistent enforcement mechanisms, protection of persons who reported questionable behaviour, and objective compliance standards against which violations could be judged (Selinger, 2004:1).

The Federal Sentencing Guidelines of 1991 pre-dated the Sarbanes-Oxley Act of 2002. These guidelines set out the penalties prescribed for fraud and organisational breaches of ethical conduct. Those organisations which were able to prove that they implemented ethical compliance programmes had their sentences mitigated (Millman, 2006:27).

The Federal Sentencing Guidelines (1991) set a number of requirements for organisations. The most important aspects contained in this document are for organisations to develop and implement a code of conduct. Furthermore, the organisation should appoint a senior person in an oversight position, such as an ethics officer or a person appointed to fulfil such role. In addition, an ethics training programme should be introduced to ensure that organisational members are provided with the required knowledge of ethics and the content of ethical codes. Some form of monitoring and reporting system should be in place. Finally, an enforcement and reporting system (a “hotline”) should be introduced to ensure compliance with the organisational behavioural and ethical rules. A “hotline” typically involves various

communications mechanisms where ethical transgression could be reported anonymously to an internal/external entity for further follow-up and action.

If organisations can prove that the rules laid down in the Guidelines are in place and are being practised in their organisations, levied fines for transgressions can be substantially reduced. Since 2004, however, the Federal Sentencing Guidelines changed their focus from the compliance with ethical rules' to a need for organisations to promote an organisational culture of ethical conduct. Such a change heralded a move beyond the need for mere compliance (Millman, 2006:27) to stricter measures of control. This change requires organisations to utilise organisational development (OD) techniques to promote ethical cultural change. These measures stress the urge to put ethics and codes of conduct firmly on companies' internal agendas.

From the researcher's personal experience with a "hotline" in the company where he is employed the following observations could be made:

- people reporting matters to the hotline through the prescribed communications mechanisms do not always understand the aim of the system and list issues which could be resolved more effectively at local company level – for example personal grievances ;
- people sometimes use the hotline to raise grudges or personal vendettas ;
- actual ethical transgressions cannot be speedily resolved since it is difficult to obtain statements or additional information due to the confidential nature of the system ; and
- people raising problems can easily lose their trust in the hotline if these issues are not speedily resolved while management may struggle to close cases due to problems such as those raised above.

Hatcher (2002:24) points out that earlier people used to live within their own ethnic, national and cultural boundaries with their own sets of ethical principles, but that globalisation is now causing these boundaries to become blurred with a loss of national or group membership. People may, however, adapt to the global cultural change and become part of a community of nations. Technology contributes to this change through the internet, television and other communication mechanisms.

Baley (2004:3) argues that within this global community of nations multi-national companies of the future would mostly be dependent on the level of knowledge development skills and the education of their employees. More importantly, such companies need to be culturally diverse and recognised for their perceived set of social and human values. Such integrity of

conduct will go a long way towards mitigating the poor employment practises multi-national companies are accused of by the general public.

Europe adopted a less legalistic route in terms of corporate governance when compared to the United States. In the United Kingdom, as an example, a number of corporate codes starting with the Cadbury report form what is known today as the Combined Code to corporate governance (HR Research Initiative, 2009:1). This is the approach followed by South Africa as discussed under section 2.2.2.3 below.

Other organisations tend to adhere to professional codes developed by organisations such as the Chartered Institute of Personnel and Development (CIPD), amongst others. This professional body was selected due to its link to human resource management – a focus area in this research. The CIPD's mission is to be a leader in the development and promotion of good practise in the field of management and the development of people. They exist to serve the professional interest of their members and to uphold the highest ideals in the management and development of people (CIPD code of professional conduct and disciplinary procedures, 2008).

2.2.3.2 Ethical conduct in South Africa

In the South African scenario the King II Report (2002:20-41) on the code of corporate practises and conduct reported that a company's organisational integrity should cover at least the following actions:

- each company should engage its stakeholders to determine the company's standard of ethical behaviour ; and
- it should demonstrate its commitment to organisational integrity by codifying these standards in a code of ethics.

Rossouw (2002) praises the King II Report as one of the most advanced documents of its kind in a global context. He discusses the value orientation summarising the main values appearing in the report as follows:

- sustainability of shareholder value in the longer term ;
- license to operate - being legitimised by the wider community to operate ;
- social power of corporations and the responsibility placed on corporations through such social power are emphasised ;
- corporations have to act as good corporate citizens in the society where they are operating and should attend to Black Economic Empowerment (BEE), health (mainly HIV/AIDS) and human development in the light of past educational deficits ;

- societal values should be reflected in corporate governance systems, for example the affirming of African value systems such as *Ubuntu* – a commitment to co-existence, consensus and consultation ; and
- the importance of corporate reputation in attracting investment, clients and talented staff.

According to the King II Report companies' board of directors should implement the following as a best- practise model:

- determining stakeholder perceptions and expectations of the company ;
- codifying ethical standards of the company ;
- institutionalising ethics on strategic and systems levels of the company ;
- monitoring ethics performance ;
- communicating about and training on ethics ;
- rewarding ethical conduct and/or disciplining unethical conduct ;
- providing safe systems for reporting unethical or risky behaviour ;
- accounting and auditing ethics performance ; and
- disclosure of ethical performance to stakeholders.

The most recent King III report (2009), in line with international developments, places an increased emphasis on sustainability and its interface with strategy and control in the overall area of organisational governance. Contrary to the King II report, which was a non-legislated code aimed at JSE Securities Exchange listed companies, corporations in the financial services and public enterprises, King III is applicable to all organisations (KPMG, 2009). It must also be accepted that the King reports do not have legislative powers, but are best practise documents. The King II provisions apply until the King III provisions came into effect on 1 March 2010 (HR Research Initiative, 2009).

The implications of the King reports for HR and HRD is significant. The importance placed on the corporate governance skills of the board of directors is highlighted. In fact, a recent Human Sciences Research Council (HSRC) study, commissioned by the Department of Labour, specifically identified Chief Executive officers (CEO's), Managing Directors, General Managers and Specialist Managers as some of the key scarce skills (HSRC, 2008). This means that there is a major requirement for the training and development of board members in specialised skills and knowledge apart from the normal fiduciary duties expected from

company directors (Human Research Initiative, 2009). The King III report makes the company chairman responsible for the development of the board of directors (I.O.D., 2009).

The King III report, however, is silent on the use of internal HR staff in the evaluation and training of directors leaving such requirements up to the chairman and external training providers. Such provider effectiveness need to be evaluated by internal HRD experts to ensure that allocated funds result in effective learning taking place. HR is also the custodians of other personnel practises such as recruitment, remuneration and training and development, amongst others. These areas are specifically addressed in the King III report for members of the board (HR Research Initiative, 2009).

A full chapter in King III is also devoted to stakeholder relationships (I.O.D. 2009). This is also an area which is one of the specialist areas of the HR department who on a daily basis interacts with trade unions, employees and the general public. Any HR activities involves careful management of the community as witnessed by a number of recent cases of community anger at companies not recruiting people from their local areas. Excluding the internal HR function in these vital roles is a recipe for disaster.

In section 2.2.4 the focus will shift to codes of conduct as found in different individual organisations in contrast to the international perspective discussed in the previous section.

2.2.4 Codes of conduct

Somers (2001:185-186) identifies a number of central themes with regards to codes of ethical conduct. According to him one theme deals with the characteristics of effective codes in promoting ethical behaviour in organisations. Research based on this theme is split between normative work and empirical studies. Normative studies provided practitioners with good guidelines in the development and implementation of codes of ethics whereas empirical work focused on the properties of existing codes.

The second theme, identified by the author, investigates the prevalence and adoption of codes of ethics in different countries and industries. He found that approximately 75% of American firms introduced ethical codes of conduct and that this number is constantly rising.

The third, and least researched area, deals with the influence ethical codes have on the behaviour of employees in the organisation. Somers (2001:185-195), based his research on a sample of management accountants who were members of the Institute of Management Accountants (a professional society based in the United States). He found that respondents in a company with an ethical code were less aware of ethical wrongdoing in their own companies compared to companies with no code of conduct. He ascribes this finding to

employees in companies with ethical codes behaving more ethically than ones in companies without codes of conduct.

However, only 8% of the samples were aware of their company's code of ethics, while more than 75% of the companies had such a code. This illustrates that companies are not particularly good in communicating their codes of conduct to employees.

Acubed Consulting (2004:12) defines a code of ethics as the ethical standards to which a company commits itself, both as an organisation and in respect of individual conduct by members of the organisation. It comprises two components:

- a values statement which is a short, aspirational document or credo defining an organisation's core, ethical, operational or other values, ideals or principles ; and
- a code of conduct which is a longer, enforceable, compliance orientated document setting out policies, procedures and rules regarding best practises. Examples include travelling allowances, entertainment and gifts as well as rules regarding internet usage.

Malan and Smit (2001:175) define a code of conduct, from a business perspective, as: "a set of principles based upon the organisation's core values, business philosophy, leadership philosophy and process ethics which governs the behaviour of personnel."

Von Baeyer (2005:1) makes a interesting distinction between codes of ethics and codes of conduct. According to him, ethical codes deal with corporate values and guiding principles, whereas codes of conduct refer to actual behaviour which is favoured or prohibited. This distinction corresponds with the above-mentioned split made by Acubed Consulting (2004:12), where the credo could be perceived to be the code of ethics and the longer policy and procedures the code of conduct. This is important in terms of Somers (2001), who refers to codes of ethics and their influence on behaviour of people. In light of Von Baeyer's distinction the concentration should rather be on codes of conduct. For the purpose of the current research, however, codes of conduct and codes of ethics are used interchangeably.

Huberts (2005:3) makes an important observation by stating that a code is nothing, but coding is everything. This emphasises that the process of developing the code, and the stakeholders involved in the code's development phase, are more important than the actual contents of the final written document. He identifies a number of elements required in the coding process:

- definitions of relevant ethical aspects ;
- a discussion around different alternatives and perspectives to deal with these aspects ; and

- the decision about these aspects – what will be the values, norms and rules followed by group members and organisational staff.

Von Baeyer (2005:1) highlights two aspects of the code development process. Firstly he queries how a code is developed – is it developed with real employee input? Here he concurs with Huberts (2005) in emphasising the importance of real employee participation versus watered down participation efforts. The second important question Von Baeyer raises is the reason why the code was developed. If the reason is to protect senior management people will question the *bona fides* of the code and probably not have much faith in the document.

As set out in Acubed Consulting's (2004:12) summary discussed above, professional codes of ethics mostly contain the "should" or best practises and standards of conduct. Such codes of ethics may be aspirational in nature, but it has an influence on and shapes members' behaviour instead of being too prescriptive (Ruona & Rusaw, 2001:22).

Ethical codes and value statements, however, are not the only societal control mechanisms. Burns, *et al.* (2001:16) refer to additional remedies available to the public through the use of criminal and civil actions in dealing with unethical conduct. Professional boards of practise could also enforce compliance through state licensing boards or through federal regulations. These mechanisms, however, fall beyond the scope of this study.

Johnson (2004:10) reports that the following topics are typically covered in a such a code::

- confidential information ;
- definitions of conflict of interest ;
- policies relating to product and service pricing ;
- policies related to the use of company assets ;
- employment policies and procedures ;
- policies and procedures relating to relationships with other employees and with suppliers ;
- policies relating to gifts, gratuities and entertainment ;
- political contributions and political activities ;
- policies relating to international business ; and
- regulatory and compliance matters.

The main emphasis of codes of conduct is to summarise acceptable/unacceptable behaviour in organisations. Employees may engage with an organisational code of conduct through clarifying concerns with line managers, compliance officers or trade union representatives. Another source of information is discussing ethical concerns in the employee's peer group or with other respected employees. It is in the interest of any organisation to create structures where their members can discuss and clarify ethical concerns they may encounter.

In many cases, codes of conduct are no longer voluntary. Legislature and other organisational stakeholders are putting pressure on companies to develop ethical codes of conduct (Kaptein & Swartz, 2007). After a comprehensive review of research on the subject, the authors identified the following reasons why codes of conduct are perceived to be necessary:

- for altruistic reasons, or because it is “the right thing to do” ;
- it is a way of demonstrating moral responsibility and to contribute to the resolution of social problems ;
- business codes preserve or improve the company's reputation ;
- it decreases the amount of legal fines in cases of transgressions ;
- it encourages the authorities to relax onerous regulations and controls ;
- it increases organisational efficiency ; and
- it improves the work climate.

Razafiarivony (2003:1) explains the importance of a company's reputation. She notes that community members do not remember an organisation's past financial success or dividends paid once organisational ethical misconduct is exposed to the public. Trust, which serves as the basis of customer loyalty and the reason for a company's competitive edge, is earned the hard way by companies being honest in its dealings.

Codes of ethical conduct should therefore become more than just another piece of paper to satisfy the law or company stakeholders. Actions are required to properly implement codes of ethical conduct and company values and to practise these to the fullest extent.

Ethical codes of conduct are, however, not always accepted by everyone. Kaptein and Swartz (2007) identify the following points of criticisms against codes of conduct:

- it undermines the responsibilities of employees and were accusatory, threatening and demeaning ;
- it does not influence behaviour ;
- it is viewed as mere window dressing ;

- it provides superficial and distracting answers to the question of how to promote ethical behaviour in corporate life ;
- it makes stakeholders more suspicious, cynical and distrustful ;
- it costs more than it yields ; and
- it is less effective than sector codes or legislation.

Ford and Richardson (1994:216) reviewed a large number of research studies on individual and situational ethical factors and found that in the majority of these studies, the existence of a code of conduct or a corporate policy statement on ethical behaviour positively related to improved ethical behaviour. If management makes an attempt to develop such a code, a signal is sent that they are trying to positively influence ethical behaviour. Yet, Dobson (2003:29-34), commenting on ethics in the United States financial services, reports large numbers of ethical misconduct cases in financial services institutions which took place in an environment where ethical codes of conduct were most prevalent. He attributes this perplexing finding to:

- individuals in companies being acculturated, that is they learn from the day to day behaviour they see around them. They assume that observed behaviours are rational and acceptable in their field ;
- a code of ethics, being a legal document, that does not correspond with the real ethos of the organisation ;
- financial education institutions educating and training financial staff on the neoclassical economic theory which propagates that individuals must pursue personal material wealth at all times. This is seen as rational economic behaviour for humans to emulate ;
- such education is reinforced in the organisation. Individuals do not get taught the consequences of the rational approach to wealth creation ; and
- through this narrow notion of self-interest it becomes irrational to hold a principle other than materialism, such as honesty, as this would be contrary to financial education and accepted practise.

Millman (2006:26) reported on results from the Ethics Resource Centre, a non profit organisation, which showed a double digit increase in the use of ethical codes, ethics training programmes and ethics information channels by business over the last decade. All these measures, however, have not succeeded in making business organisations more ethical. Again, there are differing variables, other than ethical codes of conduct, which are not identified and managed.

Burke *et al.* (2007:111-114), in discussing ethical codes from a psychological counselling point of view, suggested three enhancements to codes of conduct. These are:

- using a hierarchical design in ethical codes similar to the one implemented by the Canadian Psychological Association. In the Canadian approach, ethical principles are ranked in order of importance. This approach led to a greater consistency amongst psychologists when faced with ethical dilemmas, multiple principles and conflicting values ;
- replacing a code of conduct document with a manual rather than standard codes currently in existence. Such manual serves as an educational tool for practising and newly qualified professionals ; and
- including decision-making models into such manual or codes of conduct. Practitioners could apply these models to make more informed decisions when dealing with ethical concerns.

The ideas proposed by Burke *et al.* (2007) have major implications for HRD. By ranking ethical principles HRD practitioners could decide which ethical principle is more important when considering ethical dilemmas. A manual developed by HRD experts would be another useful method for educating existing or intern HRD staff. HRD staff is familiar with the use of training manuals which would facilitate rapid knowledge acquisition and training of new members. Similarly, decision-making models will be another useful tool to enhance ethical conduct.

Swartz (2004:324) summarises a code of conduct as a “written, distinct and formal document which consists of moral standards used to guide employees’ and corporate behaviour.”, and identified three components of the definition:

- applied moral standards have also been referred to as value systems, aspirational ideas, guidelines, ethical principles, norms and beliefs, or ground rules ;
- to what or whom does the standard apply – whether general employee behaviour or conduct, or whether organisational behaviour is also included ; and
- the document itself, as a written and distinct document (i.e. stand-alone and formal – explicit).

In many instances codes of conduct became legislated or spread through best practise implementation. Such a legislated code of conduct leaves little space for individual innovation and personal values to play a role in the process of codification.

Kaptein and Swartz (2007:7-8) combined a number of definitions of business codes of conduct and concluded: "A business code is a distinct and formal document containing a set of prescriptions developed by and for a company to guide present and future behaviour on multiple issues of at least its managers and employees towards each other, the company's external stakeholders and/or society in general."

In summary, there are many conflicting ideas about the value of an ethical code of conduct. In many cases, as were shown, these codes of conduct became mandatory after the introduction of the Federal Sentencing Guidelines in the United States. This leaves little room for companies to opt out of implementing codes of conduct. Codes of conduct are of greater value if supported by the culture of the implementing organisation— a realisation evolving in the latest versions of the Federal Sentencing Guidelines.

The discussion now moves from ethics and ethical codes in organisations in the global context to organisational values and the development of integrity in monetary driven organisations. Ethical codes of conduct are not effective unless supported by organisational value systems and how these values are inculcated and instilled in members of the organisation.

2.3 MONETARY DRIVEN ORGANISATIONAL VALUES

Byrne (2002:2) reports that the collapse of Enron and other high profile organisations led to an increased public focus on business values. Organisations are required to be more transparent in their ethical dealings towards their employees, investors, customers and suppliers.

It must be accepted that monetary driven companies exist to create a return for their investors, but the drive for profits may lead to the major company disasters, as witnessed with the collapse of Enron and other monetary driven organisations. One must, however, be realistic in accepting the need for companies to make profits. Without financial success companies would not be able to survive.

Profits also pay for community-based projects – projects which would not be viable unless the company earned those profits in the first place. Having made this point it must also be accepted that the "profits at all costs" perspective is not sustainable either.

Menzel (2005:7-8) discovered that higher performances are achieved by organisational units who adhered to practises and behaviours promoting ethical conduct and integrity. The author reviewed research between 1999 and 2004 probing this relationship. In this research he found that organisations, which implemented positive ethical change, reported better

financial results than their competitors who did not introduce such changes (Hatcher, 2002; Van Lee *et al.*, 2005).

Salopek (2001:2) linked company values with the culture of the company which, in turn, created a higher trust level within the organisation. Trust established more open communications, and increased communication enabled and empowered employees. Managers and professionals could improve decision-making as a result of such enabled and empowered employees.

Kotter and Heskett (quoted in Sullivan *et al.*, 2002) reported that value-led companies outperform others: growth in revenue is four times faster, rate of job creation seven times higher, growth in stock price 12 times faster and profit performance 750 per cent higher. These findings not only illustrate the importance of values in organisations, but by implication also how these values are accepted and practised by all organisational members.

Gebler (2001:2) makes the important observation that having espoused company values is not enough. For employees to understand such values a company needs to define what is meant by each value. For instance, where “respect” is used as a value questions could be raised as to who must be respected - is it each other, management, the customer or everybody? Behaviourally defined values will create a common understanding amongst organisational members and prevent confusion. In the researcher’s personal opinion these values should not only be comprehensively defined, but should be coupled with an organisational development strategy to familiarise employees with these values. These values must become sustainable through interweaving them with all organisational systems and structures, for example adapting the performance management system to reward employees for living company values.

Navran, quoted in Salopek (2001:2), identifies five imperatives which drive value initiatives in organisations:

- moral ;
- legal, or risk avoidance ;
- reputation management ;
- response to change ; and
- pragmatic – good ethics is good business.

Hatcher (2002:34) stresses the complexity of values by reporting that there are few universal or common values in the world. People in different cultures perceived concepts such as peace, justice and compassion differently from each other. Values, although intimately

interwoven in all of us, are “varied, complex, hard to define, and even harder to agree on across cultures”.

Cherry (2006) uses the principle of locus of control in a comparative study between South East Asian- and Westernised values. He found that people with an internal locus of control display higher levels of cognitive moral development, less unethical behaviour and a greater inclination to do right things than people with an external locus of control.

He also found that for the United States sample (the country selected as representative of Western values) ethical values were a function of only two factors, namely attitudes and the normative influence of superiors. Like Dirkx (2005) he found that respondents “inner voice” fitted well with their locus of control when making ethical or unethical decisions. He found respondents in South East Asia to be have a more external locus of control, leading to a greater ambivalence towards the payment of bribes.

Williams *et al.* (1990:37-39) distinguished between two types of values. Instrumental values reflect a desire or preference and are almost indistinguishable from attitudes. Moral values have a sense of obligation – it indicates what “ought” to be and it indicates what is correct and proper. Moral values are therefore closely related to ethical conduct.

Values are learned and based upon the beliefs held by an individual. Values are cognitively evaluated in terms of the logical consistency with existing beliefs. Individuals will accept or reject a value statement based on their own value orientation learned from significant others or from personal experience.

Organisational values are not cast in stone and need to adjust as external circumstances around the organisation change. Ramwell (2008:2) used General Electric (GE) as an example of a company that spent time and resources on defining and redefining its values. The company defined the values of GE leaders as:

“GE Leaders ... Always with unyielding integrity” and described these leaders that they:

- have a passion for excellence and hate bureaucracy ;
- are open to ideas from anywhere ... and committed to work-out ;
- live quality ... and drive cost and speed for competitive advantage ;
- have the self-confidence to involve everyone and behave in a boundary-less fashion ;
- create a clear, simple, reality-based vision ... and communicate it to all constituencies ;
- have enormous energy and the ability to energise others ;
- stretch ... set aggressive goals ... reward progress ... yet understand accountability and commitment ; and

- see change as opportunity ... not threat ;
- have global brains ... and build diverse and global teams.

Getting all employees to buy in and commit to organisational values as illustrated above takes a lot of hard work. The participation of employees and all organisational stakeholders will ensure a greater buy in and acceptance of the values throughout the organisation. If employees do not support and abide by the values in the organisation further steps need to be taken to enforce these values.

Disciplinary actions are also available to organisations to deal with any transgressions as a further measure of control. Information regarding transgressions which people are disciplined for also serves as a learning mechanism for other organisational employees, but if not properly handled and correctly communicated to all such disciplinary actions could send out negative messages. Where organisational values clash with personal values of employees there need to be a termination of the relationship – either in a voluntary or enforced manner. In the researcher's opinion the need to keep disciplinary penalties confidential to protect the privacy of individuals may be a challenge in briefing company employees. This leads to general communiqués which may not have the same impact as employees learning from the actual facts of the disciplinary case. Unfortunately such lack of factual information leads to rumours and misinformation which brings organisational value systems in disrepute amongst its employees.

Section 2.3.2 deals with the important aspect of ethical leadership since the way in which leaders buy into company values and act as role models of these values will determine how employees perceive and apply the values themselves.

2.3.1 Ethical leadership

Ciulla (2005), writing on ethics and leadership, points out a general confusion about the definition of leadership and management. According to the author a person who behaves like a leader has a vision of what is possible. Since a leader perceives larger possibilities than those of a non- leader, such a leader also has a broader sense of moral obligation.

Ciulla (2005:326) identifies the importance of power in leadership. Leaders have more power, or different types of power, than non-leaders. Power, and the way in which it is applied, have major ethical implications not only for leadership in general, but also for the organisation within which such power is manifested. Leaders, who are trusted by their followers and other stakeholders, have power over them.

Kanungo and Mendonca (1996) introduced the importance of altruism as a guiding value for leaders. They are of the opinion that organisational leaders are only effective when motivated by a concern for others, even at a cost to themselves. Altruistic leaders obtain the trust of their followers by the manner in which they treat those followers. Ciulla (2005:327) correctly identifies altruism as the highest standard any leader can aspire to.

Leadership plays a major role in organisational values and ethical conduct. Leaders serve as role models for excellent ethical values. Jose and Thibodeaux(1999) identified a number of specific roles for leaders to fulfil in this regard:

- with regards to visioning they suggested that leaders set the moral standards for the organisation and focus on the integrity of the common purpose ;
- leaders explicitly clarify the ethical dimensions of management decisions and formulate and justify ethical principles that govern decision-making ;
- leaders signal their commitment to ethical principles through their influence on corporate culture ;
- they do this by defining organisational ethics and values and acting as role models in establishing a positive ethical climate ;
- leaders built culture by what they monitor and control ;
- despite the strong impact on the ethical behaviour of employees, ethical leaders facilitate trust ; and
- each CEO faces the challenge of creating a high degree of congruence between the organisation's guiding beliefs and employees' every-day beliefs.

Spangenberg and Theron (2004:1) quoted Andrews (1989:99) in listing three challenges faced by any organisation:

- the development of the executive as a moral person ;
- the influence of the corporation as a moral environment ; and
- the actions needed to map a high road to economic and ethical performance – mounting guardrails to keep corporate staff on track.

Ethical conduct in any organisation requires the commitment of top management before there can be any change for a successful implementation of an ethical culture (Clement, 2005:314; Painter-Morland, 2006:1).

Ethical leadership will be enhanced when decision-making models are used to ensure that all variables are covered in the decision-making process. Such decision-making models will be covered in section 2.3.2.

2.3.2 Ethical decision-making and ethical code implementation

Anderson and Davies (2000:2), writing on ethics in college management structures, developed the following steps in the ethical decision-making process to guide college presidents and their boards:

- identifying the ethical dilemma ;
- gathering facts, self-monitoring and consulting ;
- asking important questions ;
- creating alternate courses of action ;
- evaluating these alternatives by the ethics code, law or moral obligation ; and
- implementing a course of action by moral follow-through and virtue ethics.

From a psychological point of view Bricklin (2001), listed the following ethical principles which are applicable when ethical decisions are made:

- autonomy (the client's right to self direction) ;
- beneficence (doing good for others) ;
- non-maleficence (not doing harm) ; and
- fidelity and justice (a special relationship of trust and fairness where the welfare of the client comes first).

Bricklin (2001:4) identifies the first step as establishing whether there are actual ethical issues involved. A second step consists of identifying which stakeholders have a legitimate stake in resolving the ethical dilemma. The next item is to check which ethical standards or principles are involved. The fourth step involves generating possible courses of action with a final decision being taken after evaluating all the alternatives.

Painter-Morland (2006:1) lists ten steps in the strategic implementation of an ethical culture into an organisation. She emphasises that the creation of an ethical culture is a long-term process. The steps she proposes are:

- self assessment within the organisation ;

- buy-in from top management ;
- identifying core values, developing codes and facilitating organisation-wide ownership of the process ;
- communications and ethics awareness ;
- ethics training ;
- gathering resources for supporting ethics in the organisation ;
- consistent standards and enforcement ;
- audits and evaluations ;
- revisions and reforms ; and
- ongoing dialogue, reinforcement and feedback.

Implementing an ethical code of conduct into the organisation requires a process equal to any other major organisational changes such as improvement projects, new products or even mergers between companies. Such process needs to be properly planned, resourced and managed from start to finish. Painter-Morland (2006) explains that the implementation of an ethical code is a continual process and not a single event. Structures and systems need to be created to ensure that the process is not only effectively implemented, but monitored and altered in line with changes faced by the organisation.

Section 2.3.3 will focus on conflicts of interest and the part it plays in ethical conduct.

2.3.3 Conflicts of interests

Conflict of interest is one of the most common areas where unethical conduct may occur. Daily the media carries reports on people on authority positions arranging for tenders to be given to suppliers they or their family or friends may have a financial interest in. Another area of concern is nepotism where the manager employs family members into the organisation.

The Free Online Dictionary defines conflict of interest as a situation in which a public official's decisions are influenced by the official's personal interests (2010). McDonald (2010:1) provides a more comprehensive definition by defining conflict of interest as "a situation in which a person, such as a public official, an employee, or a professional, has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties. The author identifies three key elements to the definition:

- firstly there is the private or personal interest ;

- the problem occurs when the private interest comes into conflict with the official duty part of the definition – that is what is required of you by the position you hold; and
- conflicts of interest interfere with the professional responsibilities in a specific way by interfering with objective professional judgment.

McDonald (2010) listed the following examples of conflicts of interest:

- self-dealing where through your position you secure a contract for a private consulting firm you owe ;
- accepting benefits such as gifts or accepting bribes ;
- influence peddling where a professional solicits benefits for using his/her influence to unfairly influence the interests of another party ;
- using your employer's property for private advantage ;
- using confidential information such as insider trading ;
- outside employment or moonlighting such as working in direct competition with your employer ; and
- post-employment where a person resigns from public or private employment and goes into the same business in the same area.

Frier (2005) identified a number of corporate conflicts of interest which result in shareholder losses. Examples include:

- management overstating corporate net income to looting corporate assets ;
- weak boards of directors being in the thrall of a charismatic CEO and rubberstamping their decisions ;
- boards of directors being beholden to the management they are supposed to be monitoring such as where the CEO in charge of the company is also chairman of the board ;
- CEO's serving on remuneration committees and awarding themselves major increases;
- stock options allocated in a manner where the CEO can drive up current earnings such as skimping on product safety or reducing research and development spending ; and
- re-pricing of stock options to attract management and paying these although the stock price may be in decline.

From above discussions it is clear that conflicts of interest are a constant ethical dilemma. Codes of conduct need to set standards and procedures how conflicts of interest can be reduced or eliminated.

The next section deals with training and human resource development and its link to ethical conduct.

2.4 TRAINING AND HUMAN RESOURCE DEVELOPMENT

The field of employee training, as it is generally understood, has undergone major changes – not only in its function, but also in terms of being required to cover a wider area of responsibility. Hatcher (2002) reports that human resource development centres need to become involved in environmental issues as well as with the communities within which they operated. Such communities need to reap the benefits from the company through both job creation, and investing in the development of people living in the surrounding community.

Jacobs (1996:3) discusses integrity from a human resources development (HRD) perspective. He argues that integrity should be a part of HRD, alongside professional ethics and values. He defines integrity as the consistency in the way individuals carry out their beliefs. It also denotes the relative completeness of an object, thing or process.

A person with integrity considers values and ethics and, then reacts to real-life situations in a way which is congruent with these values and ethics. Integrity therefore provides an opportunity to carry out ethical beliefs. He concludes that integrity without a sound ethical system has no social value.

Ethical behaviour and conduct do not occur in a vacuum, but as a result of the context within which such ethical behaviour occurs, ethical behaviour becomes a moving target (Rudman, 2007). Changes are occurring so rapidly that any initiatives are quickly made obsolete by new requirements. Ethical conduct in society has changed drastically from the pre-modern, modern and post-modern eras. Continual global change makes it even more complex to understand ethics and to manage these changes in a proactive and professional manner.

McCurdy (1998:2) defines an ethical organisation as one continually reflecting on its moral responsibilities. This involves a relentless questioning of issues and of learning how such issues should be addressed, which values should be considered and which one of the internal and external voices should be attended to.

Changing circumstances require people to re-think their ethical approaches to organisational and societal issues. McCurdy (1998) proposes the development of an ethics-centred group in an organisation. It will be the function of this group of individuals to canvass employees on ethical problems being encountered. Their role will be to channel these ethical concerns, as

well as ones developing externally, to top management. Top management then needed to debate and make resolutions on the concerns raised.

Concerns are being raised questioning HRD's ethical perspectives. In the researcher's personal opinion HRD staff needs to be aware of the danger of being accused of social engineering, if employees are not involved in the changes and kept abreast of the need for change in the desired direction.

The South African Board of People Practise (SABPP) did some excellent work on improving the professionalism of the HR and the HRD functions in South Africa. In this regard the SABPP fulfils a similar function to the CIPD discussed in section 2.2.3.1 and the American Society for Training and Development (ASTD). The SABPP also serves as the quality assurance body for the HR profession with unit standards based qualifications in place and under development, as the need arises. The SABPP code is based on the ethical values of *responsibility, integrity, respect and competence*. The SABPP code of conduct is attached as annexure B.

In a smallish survey amongst a number of Malaysian companies, Hassan (2007:444), for example, found a mismatch between employer rhetoric on the value of employee development and the way in which employees actually perceived and experienced such training and development.

Dirkx (2005:23) advises against the assumption made by codes of conduct that people will always act as rational human beings. Such an approach ignores the influences of the irrational or extra-rational and its influences on human beings. Integrity is a complex phenomenon deeply seated within a deeper meaning of our inner lives. A deeper understanding of ethics and integrity, beyond an explicit set of rules, is required.

For the purposes of the current study the following definition of ethics was constructed:

"Ethical conduct is structured at different levels, starting with the individual and his/her beliefs or values systems, and these beliefs and values are shaped by upbringing and environmental learning from societal structures such as organisations, religious groups and professional associations, amongst others, leading to the continuous development of personal integrity".

Based on the importance of the individual in the development of personal integrity, as reflected in the definition above, the next area of discussion will be the influence of demographics on ethical conduct.

2.4.1 Demographics and ethical conduct.

Alan, *et al.* (2005:172) reported conflicting results of research into gender differences in ethical conduct. Some studies indicated that women are more ethical than males (Haines & Leonard, 2007:8). These studies tended to conclude that women are more prone to the use of ethical judgment than their male counterparts.

Ford and Richardson (1994:206), in a review of research, found seven studies where women were found to be more ethical than men. However, another seven studies found no difference between the two sexes. Yet other research found that, although there may be differences in ethical judgment, the values held by the two genders may not differ significantly from each other.

An electronic survey conducted by Steare (quoted in the Sunday Times, 19 October 2008), amongst 20738 respondents in 162 countries found that women are more virtuous and more caring and altruistic than men. People working in healthcare, charity, the arts and the media tended to have a similar profile to that of women. Since HRD staff are involved in the development of people, it could be surmised that a similar pattern of altruism would be found in HRD staff.

Callan (1992:761) explains that the organisational position held by a person influences his or her ethical values. People at higher organisational levels were more concerned with ethical practises than those at lower levels. It is the researcher's opinion that experience and age may be linked to organisational level since more senior staff tend to be older and more experienced than more junior staff.

Sankaran and Bui (2003:2) report that ethics and ethical conduct improve with age. This assumption is shared by Ford and Richardson (1994:211) in their review of research. In the research by Steare (2008), it was found that as people age they start to consider the feelings of others and become more interested in fairness. He found that people's sensitivity to others fully matured only at the age of 33. Moral development continues amongst people until late in their 50's; – something the author believed that organisations should consider before laying off older employees.

The Fraud Advisory Panel (2007) raised a concern about the lack of an ethical framework of people in Britain under the age of 25. Research amongst children in the age groups 12-18 in state and private schools found that children, regardless of background expressed views based on expediency and self-interest. This tendency has have major implications for companies once these children enter the world of work, unless interventions take place at school or company level to address these negative perceptions.

The length of service a person has with an organisation also contributes to an improvement in ethical behaviour. This is logical, because a longer serving person will tend to be acculturated into the organisation's values and to be more likely to buy into the company's rules and regulations.

Baker *et al.* (2006:849) reported that situational or contextual level variables such as ethics, reward systems, rules, social learning and ethical culture provide more consistent findings than individual biographical or demographical characteristics.

In the next section the focus will be on ethical conduct specifically aimed at Human Resource Development. The complexities of ethical conduct relating to HRD practise and professionalism will be investigated.

2.4.2 Ethical conduct within an HRD context

In this section the current trends in the field of HRD will be discussed. Firstly the argument concerning a generally accepted name for the HRD discipline will be examined. Next the debate on the appropriate term for the HRD discipline will be linked with the need for professionalism in the field. The main research areas in HRD will be examined followed by the contribution of HRD to corporate ethics and ethical conduct in the South African context.

2.4.2.1 Debate on an appropriate term for the field of HRD

Rocco, *et al.* (2002:20) described HRD as an applied field which is mainly concerned with the identification and implementation of workplace interventions. Such interventions occur at individual, group or organisational level.

Ruona (2002:3) reports on the debate about the purpose, location, alternative philosophies and theoretical foundations of HRD. Since 1970 there have been more than twenty definitions of HRD. This pluralism created confusion regarding HRD as a field of research.

Watkins (1989) summarises this lack of consensus by describing HRD as a field in search of itself. Another complicating feature is the multi-disciplinary nature of HRD. Ruona and Rusaw (2001:1) identify contributions from such diverse fields as education, philosophy, sociology and business. As a result there is a constant attempt by HRD to distinguish and legitimise itself. However, above-mentioned authors believed that the diversity of views in the HRD field also has an advantage since theories from different disciplines enriched the field and formed part of a lively debate regarding HRD.

Galagan (2003) describes the debate about the term that should be used for the HRD profession. Table 2.1 provides the results of a 2003 survey by the American Society for

Training and Development (ASTD) conducted in the United States to illustrate the different views on the appropriate term for HRD.

TABLE 2.1 **Survey results on a term for HRD**

PROPOSED NAME	TOTAL RESPONSES	RESPONSE PERCENTAGE
Training	19	1,4%
Training and Development	416	31,0%
Human Resource Development	191	14,3%
Workplace Learning and Performance	427	31,9%
Workplace Development	144	10,7%
Other (please specify)	143	10,7%
Total respondents	1340	100,0%

In the above table *Workplace Learning and Performance* is the preferred term for the profession, with *Training and Development* being the second choice. The diversity of names in the survey illustrates the confusion amongst practitioners as to what human resource development should be called and hints at the confusion about what its primary focus areas should be.

According to McLagan, quoted in Galagan (2003), there is a widening schism between the humanistic (learning and adult education) and the behaviourist (performance improvement) perspectives in the field of HRD. Her observation is supported by the survey data illustrated in table 2.1, where it is shown that the term *Training and Development* (humanist camp) received about the same amount of support as *Workplace Learning and Performance* (behaviourist camp). Galagan (2003) summarises the current situation as “semantic chaos concealing highly organised pockets of practise.”

It is also abundantly clear from the survey that the terms ‘*training*’, ‘*HRD*’ and ‘*workplace development*’ are becoming unfashionable in the USA. It needs to be determined how the African training fraternity views the situation, but this aspect of the debate falls outside the scope of the current research. The different terms, such as *HRD*, *training* and *training and development*, are used interchangeably throughout this research.

2.4.2.2 Professionalism in HRD

Bates, *et al.* (2001) listed in HRD and listed three main trends in the field of HRD:

- the spirituality of work perspective which revolved around finding a meaning in every day life and the creation of a meaningful world ;
- the learning perspective has a fundamental belief that the enhancement of learning should be the primary focus of HRD ; and
- the performance perspective held that the main function of HRD should be to improve organisational performance in order for an organisation to accomplish its goals.

A working group of proponents of the three perspectives managed to find common ground and to build a platform for further synthesis in the field of HRD. This showed that a common understanding can be achieved from widely diverging perspectives. The workgroup defined the purpose of HRD as: "to enhance learning, human potential and high performance in work-related systems."

Burns *et al.* (2001:11) contended that the work on ethics and integrity in HRD was a major step forward for the discipline as a profession. The Academy of Human Resource Development (AHRD) standards of May 1999 served as the first aspirational code of conduct for HRD practitioners. The AHRD standards covered six general principles of competence, integrity, professional responsibility, respect for people's rights and dignity, concern for others welfare and social responsibility. One of the concerns of HRD practitioners, however, is the lack of punitive measures in the code of conduct (Burns *et al.*, 2001:1).

Similarly the CIPD discussed under section 2.2.3.1 serves a similar role in Europe with the SABPP being the South African equivalent of the two associations under discussion (See appendix B). The CIPD has a well established disciplinary and appeal process as part of their code of conduct (CIPD code of professional conduct and disciplinary processes, 2008).

Hatcher (2005:1) defines integrity as a virtuous character trait which is closely connected to reliability, trustworthiness, honesty and having principles. A person who has integrity can be counted upon to be consistent and harmonious. He quotes May (1996) who reported that integrity consists of three aspects:

- coherence of value orientation ;
- mature development of a critical point of view ; and
- a disposition to act in a principled way.

Ruona and Rusaw (2001:20) described the characteristics of a profession as:

- providing a unique and essential service which is recognised as such by the community ;

- developing an organised and specialised body of knowledge, based on theory and research ;
- defining areas of competence ;
- articulating and sharing values ;
- setting standards of ethics and practise (values are interpreted and enforced) ;
- monitoring the practise of its practitioners ; and
- educating and training of professionals.

The move towards greater professionalism in HRD is part of legitimising HRD as a discipline on its own. The internal discourse amongst practitioners should result in a common approach. Diversity of views must, however, be seen as healthy for the development of HRD.

2.4.2.3 Research areas in HRD

Ruona and Rusaw (2001) distinguished three discreet fields of study under the HRD banner, namely that of training and development, organisational development and career development. Each of the three sub-disciplines of HRD is in the process of separately developing professional codes.

Bates and Chen (2004) conducted research to gain an understanding of the value orientations which guide individuals' HRD practise and research as well as other stakeholders' values regarding the practise of HRD in organisations. Their main objective was to conduct a study of construct validity of value orientation measures. Their research identified the following HRD value orientations:

- the building of learning systems, which relates to how organisations can be transformed into continuous learning systems ;
- enabling meaningful work experiences, which indicates how individuals could be assisted in creating work which is meaningful and spiritually energising ;
- providing individual learning experiences, which built on work-related expertise ;
- building socially responsible organisations, which contribute in a meaningful way to the social, cultural and ecological good of the larger human community ; and
- improving organisational performance through exceeding and enhancing organisational goals and objectives.

Hatcher (1999) noted that ethics is the newest addition to the theoretical foundations of HRD. HRD professionals have a duty to be more aware of ethical issues than most people, and HRD's influence on leadership training and development make this awareness even more critical. Hatcher's statement has significant implications for the human resources (HR) departments, as HRD forms part of the HR department in many organisations and therefore impacts on the overall company human resource strategy.

2.4.2.4 The contribution of HRD to organisational ethics

Rao (2007) expressed a concern that the roles allocated to HRD managers are confused with other roles, such as recruitment and salaries, amongst others, which dilutes the efforts required in the development of people. As such the strategic role of HRD in the organisation is also becoming ineffective because there is not sufficient focus on its intended role.

Wiley (2000:93) found that HR departments played a major role as key leaders in the establishment and maintenance of an organisational ethics programme. Other findings included the following:

- in the United States a large number of HR practitioners across all industries were active in ethics ;
- HR practitioners in the United States were not averse to getting involved in ethics within their organisations ;
- HR staff were utilised as ethics compliance officers in organisations ;
- they were also required to man ethics hotlines or to fulfil the role of ombudspersons ;
- HR managers also work closely with management to ensure that their conduct is aligned with the company's ethics code ; and
- as a custodian of the disciplinary code and procedures, HR staff also becomes involved in advising line supervisors on punitive measures in cases of ethical misconduct.

Organisational development, as one of the three main streams of HRD, has as one of its main functions the development of appropriate organisational values. Creating and sustaining organisational values needs to be a part of the training of employees in the company's code of conduct.

HRD is involved in debates on corporate values at all organisational levels. In South Africa the Skills Development Act (97/1998) requires that skills development committees be established. The function of these committees is to serve as a consultative body on training and development. Feedback provided by these committees serves as an input into overall

organisational HRD strategy, and at such meetings HRD representatives need to educate skills development committee representatives on company ethical standards and values.

HRD has a generally poor relationship with adult educators (Belzer, *et al.* 2001:1). Adult education practitioners are accusing HRD staff of embracing money and management motives. This is, in essence, equivalent to selling out.

Bierema and D'Abundo (2004) adopted a social responsibility perspective towards HRD. They put the focus of HRD's on the improvement of employees' performance and believed that such a focus on performance marginalises employees and surrounding communities. The authors called on HRD practitioners to re-focus on the development of people and to make this their primary function. HRD staff should become advocates with top management in the development of marginalised groups both inside and external to the organisation.

Such an approach, as explained above, could become a double-edged sword since a neglect of company performance will have an influence on company profitability. Lower profits, in turn, translate into a reduction of resources available for marginalised employees and community members. There is a fine line between social responsibility and enhanced company performance.

2.4.2.5 Ethical conduct in the South African scenario

In the South African mining industry, however, community development is legislated through the Minerals and Petroleum Resources Act (Act 28 of 2002). Mining companies are only issued mining licenses if social and labour plans are submitted and approved by government. These plans need to create sustainable development for communities to survive after mine closures. Black Economic Empowerment initiatives form part of the overall strategy.

Other relevant legislation is the Employment Equity Act which requires the accelerated development of previously disadvantaged individuals – Black (Asian, Coloured and African), women and the disabled. Companies face huge fines and loss of government contracts if they do not conform to employment equity legislative requirements.

The influence of legislation on HRD cannot be ignored, in South Africa a lot of energy is spent on legal compliance, but few incentives are available to move beyond compliance-based HRD. In future, a similar emphasis on an ethical cultural change process may possibly be developed, similar to the changes brought on by the Federal Sentencing Guidelines in the United States of America.

For a practising HRD practitioner there are a large number of ethical decisions required in their daily work. These are discussed briefly below:

- South African companies operating prior to 1994 had to use various means to circumvent sanctions imposed on the country due to its abhorrent apartheid policy. These companies were rewarded for illegal activities by the government of the day. This legacy is still with those companies and its legitimacy is constantly under scrutiny. This striving for legitimacy impacts on the HR department who are faced with resentment and negative perceptions (Bowen *et al.* , 2007) ;
- legislation adopted to rectify the structural problems of the past such as employment equity makes the token appointment of previously advantaged staff a reality. Such appointments create resentment amongst better qualified and experienced individuals seen as having benefited from the past ;
- huge backlogs in education levels caused by the apartheid policies is causing a daily frustration for employer and employee alike. For employees there is a cap on their development in striving for better paying and higher status positions. Employers need to expend funds to remedy the situation through adult basic education and training (ABET). Panday (2010) indicated that there are 4,7 million people in South Africa with no schooling. Government is also not providing a consistent approach to what the ABET curriculum should consist of ;
- lowering school education standards is another frustration with poor maths and science literacy leading to difficulty in recruiting suitable people to access tertiary education bursaries and education ;
- employers having to provide infrastructure normally provided by the state such as repairs of roads, housing and schools. In addition to the costs of such infrastructure to the company the management of schools on company property becomes the responsibility of HRD staff detracting from their real focus areas ;
- HRD staff having to deal with attempts at bribery and gifts to secure employment or training opportunities to employees or the public or having to face accusations of accepting such inducements ;
- mining companies being accused of environmental mismanagement – rightly or wrongly – and having to deal with the fall out of such perceptions. The onus is on HRD to ensure that employees and the public are educated on environmental management. Appendix C provides an example of how a particular company approached some of these issues in a code of conduct.

Belzer, *et al.* (2001:2) emphasised the constant change in HRD practises as a result of multiple stakeholders in a globalised environment. Constant juggling of opposing interest and views is required to satisfy legislative imperatives. Short, *et al.* (s.a.) described HRD as being

directed inwardly, without substantial impact at a time when HRD is at its strongest in terms of publications, research outputs and value add to key stakeholders. However, according to the authors, HRD in organisations seems to be divorced from real problems encountered by the organisations they are working for. This observation correlates with Hatcher's (2002) findings on the lack of assistance by HRD staff in developing surrounding communities and in addressing environmental concerns in a real and effective manner.

Carter, *et al.* (2001:3) examined six HRD text books and found that human morality and ethics are not covered to any significant extent in these publications. Where HRD provides employer-driven training and development, they were perceived as being part of the internal company control function.

The next section will concentrate on the types of unethical conduct found in HRD based on existing literature. The main focus will be on identifying the unacceptable practises, with the aim of surveying the prevalence of such misconduct in South African coal mining training centres.

2.4.3 Types of unethical behaviour in HRD

In literature the following types of unethical behaviour in HRD are described:

- one of the dimensions in the AHRD code of conduct is the need for *competence* in the main role focus area a person is employed Burns *et al.*, (2001). HRD professionals should refuse to conduct any work outside their areas of competence. Inadequate competence by training providers create substandard training and development, doing a disservice to the customers of such training interventions ;
- Russel (2006:2) describes the problem of HRD practitioners who may have the competence, but provide poor quality because they are *ill-prepared* for a training session. Such lack of care and respect for the receivers of the training contributes to the poor image of HRD in organisations ;
- McDonald and Wood (1993:246) raise a concern regarding the issue of *confidential disclosures* in a training group. It may be expected of the trainer to report behaviour which breaches company rules, but in so doing confidential information may be compromised ;
- unethical conduct by HRD practitioners creates societal pressure for *more legislation*. In a period when compliance with legislation is already high there is a need for HRD to manage and police itself through enforceable codes of conduct ;

- Russel (2006:2) and Swanson (2001:4) advised against the *use of “cure all” types* of training programmes. Training providers often market training programmes with the aim of making money for themselves, while little value is created for the organisation that makes use of such dubious programmes. This will, unfortunately, only make it harder for reputable training providers to receive future business from companies ;
- Hatcher (2002:35) and Morgan (2006:1) identify *copyright violations* as another ethical problem area, when trainers use training material without the consent of the authors or giving credit to the original developer, claiming the material as their own ;
- Russel (2006:1) describes the use of *inappropriate methods*, such as inappropriate humour, to make courses interesting and fun for course participants. Although the author does not object to the use of fun or humour in the training of learners, such methods must always support the learning objectives of the training material. The learner may enjoy a course because of the method that was selected to present it, but may learn very little from the course itself ;
- Short *et al.* (s.a.) advised against the use of *outdated training programmes* which are not aligned with current organisational strategies. This type of situation mostly occurs where HRD is not part of the strategic management decision-making process ;
- McDonald and Wood (1993:244) identify *conflicts of interests* as another problematic area for example cases of nepotism where someone appoints a family member as a training provider ;
- in addition, the above-mentioned authors raised the matter of employment practises, where the *unfair treatment* of employees can lead to violations of corporate rules and regulations.

All the scenarios described above dealt with ethical concerns. Many violations of company rules are also criminal in nature, however, for instance actual theft of company property or fraudulent activities. Schaefer and Cassidy (2006:72) quoted research that shows that 80% of employees do not perceive the taking of company property as theft as they believed that the company will not be harmed by the loss of these items.

Lin and Kolb (2006:1168–1173) refer to the lack of research on ethical conduct in terms of instructional design. They point out that there has been a major increase in the usage of e-learning technologies. The trend for e-learning is also predicted to expand in line with more digital, mobile and flexible working arrangements. The technological advances in the knowledge base and the way this is conveyed created a number of ethical concerns, such as the following:

- copyright infringements with the ease of downloading, copying and plagiarising information without paying digital fees;
- violation of individual privacy and the abuse of confidential information in training as learners may fear that their results may be disclosed to their managers; and
- justification of the use of digital technologies in HRD, and specifically the use of e-learning strategies, where it may not be the most appropriate learning method for the training need that was originally identified.

Lin and Kolb (2006:1171–1173), conducted in-depth interviews with a limited sample of twenty learning technology practitioners, and found the following ethical concerns in descending order: copyright violations (75%), learner privacy (65%), accessibility – access of technology and its contents to disabled people (55%), diversity – being conscious of the influence of material on diverse cultural audiences (35%), conflicts of interest (20%) and professionalism/confidence – being competent as a designer in dealing with all training situations (15%).

2.5 SUMMARY

The discussions in chapter 2 point to the complexity of ethical concepts and the variables that play a role in ethical conduct. The manner in which codes of conduct are developed and implemented was discussed. The influence of leadership in promoting or thwarting ethics was explored and unacceptable behaviours by HRD staff were identified, as reported in literature.

Chapter 3 will expand on empirical research that was conducted concerning South African training centre staff. More detail will be provided about the research population, the development of the questionnaire that was used in the research and issues about the reliability and validity of the research.

CHAPTER 3

3. OUTLINE OF THE RESEARCH DESIGN

3.1 INTRODUCTION

The primary objective of this research is to collect information on the use of ethical codes of conduct and ethical behaviour in South African coal mining training centres. This section is in support of aim 2 from chapter 1 where the author is endeavouring to determine how training centre staff perceives ethics and ethical conduct.

In addition, the research design was drawn up to determine what influence biographical factors had on training centre staff ethical conduct (aim 3). The influence of demographic factors on training centre staff will also be determined as set out in aim 4.

The following sections will cover the research methodology applied in gathering the information regarding ethical codes of conduct and - behaviour. These are:

- the research methodology ;
- biases in the research design ;
- a description of the coal mining industry in the provinces selected ;
- characteristics of the research population ;
- an explanation of the questionnaire used as a measuring instrument ;
- method used for the collection of data ;
- design of the data analysis procedure ;
- a discussion on the reliability and validity of the study ; and
- ethical aspects covered during the research.

3.2 THE RESEARCH METHODOLOGY

In order to collect the information required for this study availability sampling was used. Availability sampling means that the researcher selects subjects on the basis of their availability (Monteith, 2007:2). This method was selected because of the long distances that would have to be travelled between mines in the three provinces that were chosen for the

research. Such travelling would significantly increase the costs of the project for only a small gain. Another advantage was that the researcher had access to the targeted training centre staff in the three provinces through a personal network.

In the current study, the population consists of all the training centre staff in coal mines in the Mpumalanga, Free State and Limpopo provinces in South Africa. The population also includes training staff of group training centres. A coal mine- or group training centre is typically headed by a training manager who is also in charge of senior training practitioners, training officers and assistant training officers together with an administrative support staff such as course coordinators and other clerical staff.

For the purpose of this research the administrative staff and training instructors below the level of assistant training officers were excluded from the research sample because these groups of training staff would have made the sample group too large. It was also assumed that the lower level staff does not deal with ethics in training to any large extent. In the researcher's personal experience, a large number of training instructors also tend to have low levels of education which would have made it difficult for them to complete the questionnaire without assistance.

Because of the time constraint the researcher made appointments with the training managers at group and mine level training centres and explained the objectives of the research and the questionnaire to each training manager. At these meetings the ethical elements of the research were fully explained, so that the training manager could convey these concerns to his/her staff.

Where training staff were available when the group- or mine training centre was visited the researcher explained the questionnaire to these staff members and had them complete the questionnaires. The training managers later explained the questionnaire to training staff who were not available at the time of the visit. Completed questionnaires were either scanned or collected in person by the researcher. Phone calls were made to training managers in cases where the questionnaires were not returned on the agreed dates.

Questionnaires were left with training managers which resulted in administrative staff also completing some by mistake. It was decided to include these questionnaires in the final sample under the category "other".

3.3 BIASES IN THE RESEARCH DESIGN

A number of issues were identified which could create a bias in the research. Such biases may be likened an inaccurate bathroom scale. Someone who weighs himself will get a consistent reading, but this reading is still not correct (Jordan & Hoefer, 2001:60).

In the current research a number of issues were identified which potentially could introduce bias into the study. These were:

- concentrating on three provinces in South Africa and not considering the unique contribution made by coal mine training centres in two provinces (KwaZulu-Natal and the Cape) which were not included in the sample. This bias was perceived to be minimal since the six mines in KwaZulu-Natal only produced 0,8% of the total coal production in South Africa (Bezuidenhout, 2007:30). These mines are mainly small, without their own training centres. Although there are coal resources in the Eastern Cape the researcher could not find any contacts with companies exploiting these reserves ;
- not having a full number of the selected training staff in each category. The question which arose is the contribution which the training staff who were not available could have made to the research results ;
- not considering coal mines, which due to their size, did not possess a training centre. These mines mostly outsourced the training to consultants/contractors ;
- the influence of the terminology used in the questionnaire on the population. Ethical terms may not be generally known to lower-level training staff as they may not be dealing with these terms on a regular basis. Extra care was taken in defining some of the terms, to create a better understanding and the questionnaire was tested in the field with a representative sample of training staff in the different job levels ;
- the fact that training managers had to explain the questionnaires to training staff who were not available could have created misinformation amongst the training staff whom the researcher was not able to brief personally. As a result some junior staff members who fell outside the original scope also completing the questionnaires (see 3.2) which created another area of bias in the sample ;
- Onwuegbuzie (2000:5) clearly indicated that where the researcher collected the data himself a full description should be provided of possible bias introduced by the researcher. In the data collection process the researcher read out the instruction in the questionnaire. Standardisation of the instructions assisted in overcoming researcher bias, although some bias could have been created subconsciously.

3.4 THE SOUTH AFRICAN COAL MINING SECTOR

According to the last Chamber of Mines annual report (2006/2007) the mining sector as a whole accounted for 7% of South Africa's Gross Domestic Product (GDP) exporting R140 billion in 2006. It employed 458600 employees in all industries classified under mining in the year under review. Coal mining, as part of the mining sector, provided approximately 70% of South Africa's primary energy needs with 93% of the electricity and 37% of liquid fuel produced from coal. According to the report coal made up the second largest component of the South African mineral sector if measured in terms of sales. It was also the third largest mineral exporter. Coal mines employed 57777 employees in 2006 with these employees earning R7,2 billion in wages during the year under review. Prevost (2008:6-8) explained that the South African coalfields were contained in 19 areas spread over the provinces of Limpopo, Mpumulanga, the Free State, KwaZulu-Natal with a small reserve in the Molteno-Indwe area in the Eastern Cape. Thermal coal for the domestic and export markets are mainly produced from eight mega mines, each producing in excess of ten million tonnes per annum. The South African coal market is dominated by five major mining houses – these being Anglo American Thermal Coal, Billiton Energy Corporation of South Africa, Exxaro, Sasol and Xstrata. Figure 3.1 provides a summary of the production from the five mining houses and the smaller mines.

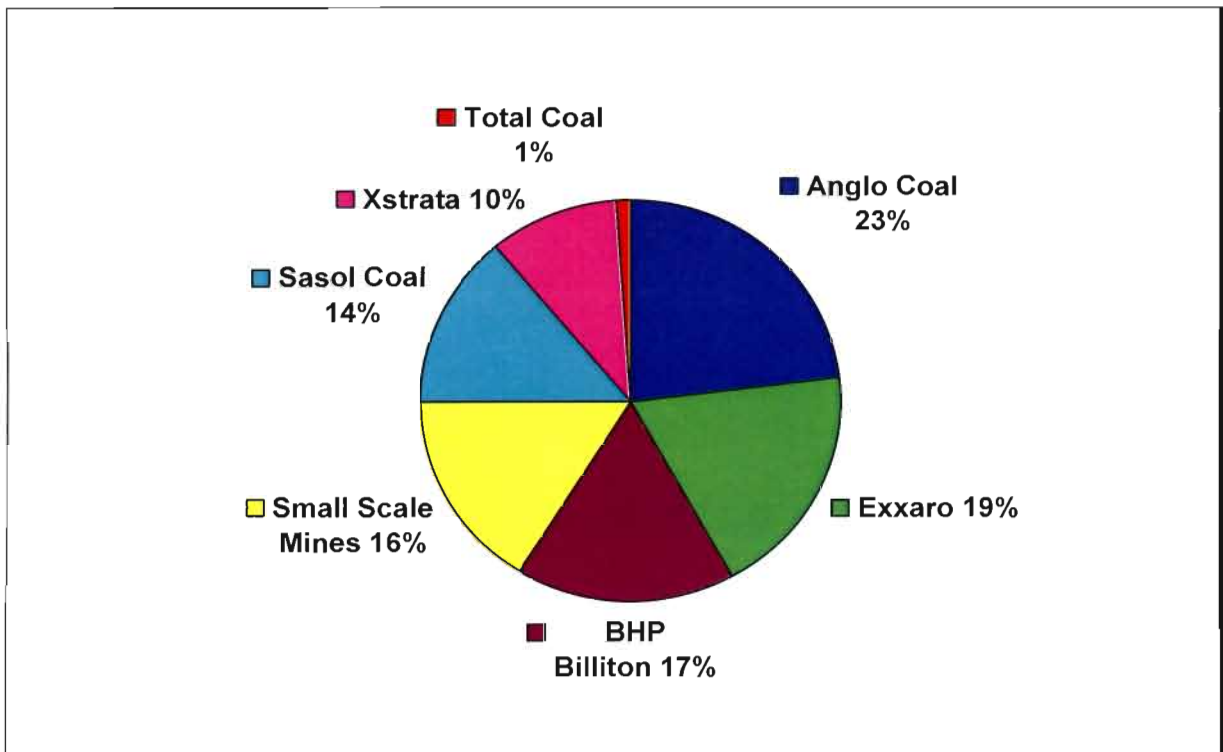


Figure 3.1 South Africa's Coal Production Ownership
(312 million tonnes in 2007)

The South African coal mines are a mixture of underground, opencast or a combination of the two types of mining. The geological features of the mining area determine the type of mining method utilised. Opencast mining is restricted to approximately 75 metres if pre-stripping of material is applied. Deeper coal seams become uneconomical to mine with underground methods having to be used if the seam thickness, the coal quality and geological structures allow it. The type of mining was not considered as a variable in the current research since it was felt that the type of mining will have no bearing on training centre ethical conduct. The respondents selected to take part in the research is discussed in section 3.5.

3.5 THE TARGETED RESEARCH POPULATION

The population selected for the study consisted of training staff employed at South African coal mines or at group training centres in the three provinces listed above. A typical training centre on each colliery is responsible for the mining-, engineering- and metallurgical training. A number of training courses are run at a centralised facility where it is economically viable to cluster such training. An example of the economics involved in centralising training is where the equipment used is expensive and economies of scale dictate that a larger number of learners are required to justify the cost outlay.

The training centre structure, in most cases, consisted of a training manager in control of all the training staff. The training manager typically reports to the Human Resource Manager, but other structures also exist for example where he/she reports to a line supervisor. The reporting format should not have any influence on the current research.

Normally a number of senior training officers, training officers and assistant training officers report to the training manager. Other staff also reporting the training manager, such as clerks, training course coordinators and training instructors were not considered, mainly due the fact that they were not involved in ethical decisions to any large extent. However, some clerical staff did complete the questionnaires as explained above.

In the next section, the process of developing the questionnaire will be described. The controls put in place to improve the reliability and validity of the instrument will also be discussed.

3.6 DEVELOPMENT OF THE QUESTIONNAIRE

The questionnaire used to gather the data for the research was developed based on the literature study in chapter 2. The aim of the questionnaire was to obtain information in order to satisfy the second aim of the research, which is to determine how training staff in the

targeted population perceive ethics and ethical conduct at their place of work. It was further used to establish the influence of demographic and biographical influences as set out in aims 3 and 4.

The questionnaire was developed with the objective of ensuring that it meets the requirements for reliability and validity. Although these two aspects will be discussed in more detail later in this chapter, the following actions were taken to ensure that the quality of the questionnaire met the highest academic and practical standards.

Firstly the questionnaire was developed with the assistance of the two study supervisors to ensure that it met the academic requirements. Several drafts were developed with the assistance of the two supervisors.

Secondly the draft questionnaire was submitted to the consulting statistician in order to obtain his approval in terms of the statistical analysis component of the research. His feedback was incorporated into the questionnaire as it assisted with the final statistical analysis.

Du Plessis (2008), a consulting statistician, made the following suggestions to improve the questionnaire:

- clustering the questions into discrete groupings rather than having the questions appearing at random. The change is shown in appendix A where four clusters were used (biographical/demographics, respondents personal knowledge of ethics, ethical conduct in the place of work and questions relating to the training centre where the respondent is employed) ;
- based on the last three clusters it was proposed that a main heading be used with statements linked to the heading. This change made the sentences not only shorter, but improved the readability of the document. The change also decreased the amount of time a respondent needed to complete the questionnaire ;
- finally, it was suggested that the sentences be kept as short as possible to allow the respondents to read as little as possible and also to enhance the clarity of these sentences.

After the proposed changes were made the questionnaire was sent to dr Edmund Rudman who is employed at the Maccauvlei Learning Academy at Vereeniging. A major part of his work is directed at obtaining information on leadership, strategic direction and organisational development. Due to the nature of his work, he is an expert in the development of questionnaires to gather information in his focus areas. He was approached and kindly agreed to study the questionnaire and to provide his opinion on its structure and contents.

His positive comments included the fact that the questionnaire covered the important issues concisely and that the questions were neatly presented. He made the following proposals to improve the questionnaire:

- the approximate time it would take a respondent to complete the questionnaire needed to be stated on the first page. In his opinion, respondents would be motivated to complete the questionnaire if they realised that its completion would only take approximately 20 minutes of their time ;
- changing the sentence under section B from “To what extent do you agree or disagree with the following:” to the sentence “To what extent does the following apply to you and your company?” ;
- the word “transgressions”, that was used in the questionnaire may have been too complex for most of the respondents and it was suggested that a simpler term be inserted. The word was replaced with the term “misconduct” ;
- the term “ethical dilemmas” may also have been a difficult term for the majority of the respondents and may have introduced bias. However, Dr Rudman disagreed with this and indicated that a short two line definition would solve the problem as long as there were not more than four such definitions. He believed that more bias would be introduced if the term were explained by the researcher in his discussion with the respondents prior to the completion of the questionnaire. A short example illustrating the concept was incorporated into the questionnaire (see appendix A) ;
- a final suggestion was to use a small pilot group of training staff in the target population to complete the questionnaire. Their feedback would be invaluable in ensuring that the questions are readable and clear to all the respondents in the target population (Rudman, 2008).

In line with the proposal the questionnaire was administered to a pilot group of four people consisting of two senior training officers (one male and one female), one training officer (male) and one assistant training officer (male). The pilot group was selected on the basis of their jobs as training staff which involved similar tasks as those conducted by the intended respondents at other coal mines. In addition to the feedback on the questionnaire contents, a rough estimate was obtained regarding the time that was required for the completion of the document.

The feedback obtained from the pilot group was that the questionnaire was user friendly and understandable. Some suggestions were made for the enhancement of the questionnaire. These were:

- the title “senior training officer” in the introduction was queried since the job title in the particular organisation where the pilot group respondents were working was that of a “training practitioner”. It was decided to retain the original title since it was the one most commonly used in the training industry ;
- the questionnaire instructions made no provision for cases where a respondent should change his/her mind about a rating. A sentence was added to inform respondents that they could scratch out the incorrect choice and select another alternative ;
- one respondent was not sure what the term “ethics” referred to. It was decided to define the concept before respondents commenced with the questionnaire. If the term was not familiar to the respondent, it could negatively influence his/her selection ;
- the respondents were not sure where the questionnaire ended. For this reason it was decided to add the sentence “Thank you for completing the questionnaire.” directly below the last item. It was also seen as a gesture to thank the respondent for his/her time.

It was decided to make use of 4 points for the measurement scale. These were scaled as follows:

- | | | |
|---|---|-------------------|
| 1 | = | Not at all |
| 2 | = | Small extent |
| 3 | = | Reasonable extent |
| 4 | = | Large extent |

The reason for selecting the 4-point scale is to avoid a scale where respondents can mark a neutral value if they are unsure of the question, such as 3- or a 5- point scale. The 4 point scale requires the respondent to make a decision without providing them with a neutral option. It was not necessary to make detailed measurements so a larger scale measurement such as a 7- or 9- point scale was also not considered. Monteith (2007:7) quoted McMillan and Schumacher (1989:248) who advised that a wider range of scores will improve the reliability of the research. In this research, however, it was felt that a four point scale was suitable as it prevented the centrality of an uneven scale measurement.

The final check was done by returning the altered questionnaire to the two study supervisors and the statistical adviser, to ensure that the changes did not make a substantive difference to the original document. After their comments were examined and incorporated the questionnaire was proofread and language edited.

3.6 DATA COLLECTION

A list of collieries was compiled with the help of the Chamber of Mines of South Africa. Although the majority of coal mining groups are members of the Chamber of Mines of South Africa there were also a number of coal mines who selected to remain independent.

Fortunately the Chamber of Mines completed an exercise to list all the smaller coal mining operations as part of an investigation into the implementation of a bargaining council for the mining industry. This matter was a result of several years of union/chamber negotiations (Strydom, 2008).

Permission was obtained from colliery management to administer the questionnaires at their group and mine level training centres. With the permission in place the questionnaires were administered by the researcher during the last three weeks of September 2008.

The section below examines the terms “reliability” and “validity” in more detail. The current research is then checked against these requirements to ensure the reliability and validity of the research is upheld as far as possible.

3.7 MEASURES OF RELIABILITY/VALIDITY

An instrument is reliable if it accurately measures whatever it measures over time, using different forms of the same instrument or on different data collection periods (Monteith, 2007: 5).

Kerlinger and Lee (2000:641 – 659) indicated that reliability is concerned with the dependability of measurements. It also deals with the accuracy with which an instrument measures whatever it is measuring (Monteith, 2007:5).

Monteith (2007:5) articulated the overall goal of developing reliable measurements as minimising the influence of chance, or any other variable unrelated to the intent of the measure. Unreliable instruments provided information which is ambiguous, inconsistent and useless.

The same author lists a number of factors which could contribute to imperfections in measurements, for instance, ambiguous questions, misunderstood directions, interrupted data collection and the effect of environmental factors such as heat, light and ventilation on the data collection sessions. Items such as the motivation of subjects, reactions to specific items, fatigue, health and fluctuating memory or attention span were also some of the factors having an influence on the reliability of the measurements.

In terms of the current research the following steps were taken to improve the research reliability:

- doing a literature review to determine what questions to ask in order to obtain the information required. The literature review ensure that the concepts were in line with the aims of the research ;
- utilising peer review processes such as experts in their fields to check whether the questions were properly worded and meeting the objectives set ;
- field testing the questionnaire with a comparative group to ensure that the questions were understandable and clear ;
- briefing training managers and staff at the training centres on what is expected to complete the questionnaire ;
- emphasising the confidentiality of the research which contributed to respondents completing the documents truthfully ;
- using statistical analysis to determine the reliability of the data gathered from the research ; and
- including enough items in the questionnaire to improve on the reliability of information obtained.

Another area which needs to be kept in mind is the validity of the research. Monteith (2007:2) defines validity as the extent to which an instrument measures what it intends to measure. It is the judgment of the appropriateness of a measure for specific inferences or decisions that resulted from the score generated.

Validity is specific to the situation and to the particular purpose for which the instrument is used. An instrument which is valid in one situation may not be valid when used on a different occasion (Monteith, 2007). Onwuegbuzie (2000:9) also argues that instrumentation can never be eliminated as a possible threat to internal validity, since measures can never yield scores which are perfectly valid or reliable.

Kerlinger and Lee (2000:666) explain that the main question in terms of validity is whether we are measuring what we think we are measuring. The emphasis is on the "what" of the aspect being measured. A test or a scale is valid for the scientific or practical purpose of its user.

Onwuegbuzie (2000), referring to external validity, explains that both random and non-random samples are subject to sampling error. In most educational studies population validity (i.e. selection-treatment interaction) and ecological validity (i.e. experimenter effects, multiple-treatment interference, reactive arrangements, time and treatment interaction, history and treatment interaction) are threats to external validity. In addition error is also

introduced due to subjective decisions made by the researcher(s) during the research process.

The validity of the current research was enhanced by the following measures:

- peer review by experts in their field to ensure the questions were valid ;
- linking concepts with ones obtained from previous research in the same field of research ; and
- ensuring that the concepts are simple and understandable to the target audience by field testing and peer review.

Ethical concerns were addressed as follows:

- no inducement of any kind was offered to respondents to complete the questionnaires ;
- where a person was not prepared to complete the questionnaire no pressure was placed on him/her to complete the questionnaire ;
- the confidentiality of the information and the data was stressed with both the training managers and the respondents. Where the questionnaires were administered by people other than the researcher such staff were properly briefed on all the ethical aspects of the research ;
- the confidentiality of the information was clearly stated on the questionnaire (Appendix A) ; and
- permission for the research was obtained from the ethics committee at the North-West University prior to the commencement of the research.

3.8 SUMMARY

The population used in the research was discussed in this chapter. Special attention was given to the biases which could have been introduced into the research. The development process of the questionnaire was discussed including the manner in which the questionnaire was evaluated prior to using it in the actual data collection process.

The influence of reliability and validity on the research was examined. Biases and any other influences not attributed to chance were reported in order to assist future researchers wishing to replicate the study in other areas could avoid similar biases introduced by the current research.

CHAPTER 4

4. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

Chapter 3 described the methods applied to gather the information for the research. In this chapter the data obtained from the 156 questionnaires will be discussed.

The first area of focus will be the descriptive statistics. This data will be briefly overviewed to provide a more detailed profile of the sample utilised in the research.

Factor analysis was applied to the information and the clusters that were identified through the factor analysis were studied and the findings are discussed.

The responses from training centre staff will be evaluated based on the means found on each section of the questionnaire. This will be to determine how training centre staff experienced ethical conduct in training centres (aim 2 from chapter 1). The reliabilities of each of the ten clusters will be discussed under this section.

In the next section effect sizes will be used to determine the significance of the ten factors that were identified compared to the three main clusters as shown on the questionnaire. Analysis of Variance was used which involved that three or more variables were compared with each other. The main focus will be on meeting aim 3 (influence of biographical factors) and aim 4 (the influence of demographic factors).

In conclusion of the chapter limitations to the study will be identified and areas for further research will be recommended (aim 5).

4.2 CHARACTERISTICS OF THE SURVEY SAMPLE

Field (2005:87-89) indicated that descriptive statistics are a good way of drawing a picture of the data obtained. Table 4.1 summarises the descriptive statistics obtained from the sample.

TABLE 4.1. Characteristics of the participants (N=156)

ITEM	CATEGORY	FREQUENCY	PERCENTAGE
Group/Mine training centres	Group	80	51,3
	Mine	67	45,6
	Missing Values	9	5,8
Gender	Male	136	87,2
	Female	17	10,9
	Missing Values	3	1,9
Age	18 to 29	7	4,5
	30 to 39	37	23,7
	40 to 49	59	37,8
	50 to 59	40	23,6
	60 plus	12	7,7
	Missing Values	1	0,6
Professional associations	SACMA	3	1,9
	SACEA	7	4,5
	SACHRA	20	12,8
	ASTD	0	0,0
	Other	27	17,3
	No association	68	43,8
	Missing Values	31	19,9
Position	Asst. training officer	10	6,4
	Training officer	57	36,5
	Senior training officer	46	29,5
	Training manager	22	14,1
	Other	20	12,8
	Missing Values	1	0,6

ITEM	CATEGORY	FREQUENCY	PERCENTAGE
Education levels	Grade 10 and above	5	3,5
	Grade 11	6	3,8
	Grade 12	46	29,5
	M + 1	12	7,7
	M + 2	23	14,7
	M + 3	36	23,1
	Post graduate degree	15	9,6
	Missing values	13	8,3
Experience	0-5 years	67	42,9
	6-10 years	28	17,9
	11-15 years	24	15,4
	16-20 years	12	7,7
	21-25 years	11	7,1
	> 25 years	14	9,0

In the above table there is almost an even split between participants classifying themselves as working in group training centres and people working in mine training centres. In terms of gender there is an under representation of females in the sample (10,9%). It is not clear whether there are too few females in the mining training centres or whether females are employed in positions that are not covered in the current research.

In terms of age the majority of the participants fell in the age groups 30-49 years (61,5%). There appears to be a good distribution between these age groups.

As far as the professional associations are concerned, it appears as if membership of professional associations is not well supported. This could explain why 43,8% of the respondents do not belong to any association. The high frequency of missing values (19,9%) also points to a lack of understanding amongst respondents about what is meant by the term "professional association". 67,7% did not answer the question or indicated that they did not belong to any association – this should be viewed as a caution since professional associations in many cases provide their members with a code of conduct. This, together with the low experience base (discussed in the next paragraph) could be an indication that respondents did not start to study towards obtaining relevant training specific qualifications.

Another reason for this finding could be that not all the professional associations were listed. Ones which were not included on the list are the Institute of Personnel Management (IPM), the Association for Skills Development Facilitation of South Africa (ASDFSA), the Association of Mining Human Resource Practitioners and the South African Board for People Practise

(SABPP). This could be seen as a shortcoming which needs to be rectified in future research.

The majority of the sample classified themselves as being either training officers or senior training officers (64%). Few respondents were classified as assistant training officers. This could be because staff is appointed in higher positions to attract them to the training environment from the production area where staff generally earn higher remuneration and production bonuses.

Education levels are quite diverse with grade 12 and grade 12 plus 3 years being the largest categories (52,6%). The experience level of the participants is also low with 42,9% of the respondents indicating that they have less than 5 years of experience. This is cause for concern because a large number of respondents also classify themselves as training/senior training officers – it may mean that respondents only recently having joined the training profession from another occupation. It is highly likely that such training staff were recruited from among people previously employed as artisans/miners or from among supervisory positions such as foremen or shift overseers.

Question 8.14, which related to whether there is a code of conduct within the company, gave an affirmative response of 83,8%. This is a high response if compared to the number showing that they were not sure. This is showing the value ascribed to a code of conduct by mining companies within the coal mining industry and is most probably in line with companies following best practise in both international or national standards. This is supported by the majority of the companies in the sample being a part of global companies subject to international requirements.

In the following section the results will be subjected to factor analysis. The clusters obtained from the data will be discussed. Cronbach-Alpha correlations will be used for internal reliabilities.

4.3 FACTOR ANALYSIS

According to Field (2005:619) factor analysis is a technique to identify groups or clusters of variables. It has three main uses:

- to understand the structure of a set of variables (e.g. to understand the content variable “intelligence”) ;
- for constructing a questionnaire to measure an underlying variable ; and
- to reduce a data set to a more manageable size while still retaining as much of the original data as possible.

The factor analysis was conducted using data gathered from the questionnaire attached as appendix A. The first observation from the factor analysis was that the size of the sample was satisfactory. Questions 8.1 to 8.13, which relates to the personal knowledge of respondents of ethical conduct, provided a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of 0,791. According to Field (2005:640) values between 0,7 and 0,8 are good, while values between 0,8 and 0,9 are great. In terms of this classification this sub section contains a good sample size.

The second section of the questionnaire refers to the ethical code in the company where the respondent is working (questions 8.15 to 8.27). The KMO value for this section was 0,886 – a great value. The third section deals with the training centre where respondents were working. The KMO value was 0,781 which also indicates a good sample size. Overall the sample size is shown to be acceptable.

Table 4.3 will summarise the three clusters and the ten constructs found from the research.

TABLE 4.3 : Factor analysis of the ten constructs.

CLUSTER 1					
Personal knowledge regarding ethical conduct	Factor loading	Mean value	Minimum	Maximum	Reliability coefficient
Construct 1 Individual ethical value system		2.840	2.576	2.979	0.765
8.2 I am knowledgeable regarding ethical conduct	0.707				
8.3 I was exposed to ethical conduct through my professional association	0.718				
8.4 I am aware of ethical dilemmas	0.847				
8.5 I make use of a decision-making process to resolve ethical dilemmas	0.715				
Construct 2 Company influence on an individual's ethical conduct		2.693	2.314	3.029	0.783
8.8 My current job taught me about ethical conduct	0.440				

Personal knowledge regarding ethical conduct	Factor loading	Mean value	Minimum	Maximum	Reliability coefficient
8.9 My supervisor discusses ethical problems with me	0.667				
8.11 Ethical conduct is part of company meeting agendas	0.782				
8.12 Appropriate ethical conduct by employees is rewarded e.g. bonus	0.758				
8.13 Ethical conduct is measured in the company's performance appraisal system	0.801				
Construct 3 Inner-directed conversation		3.528	3.361	3.633	0.802
8.6 I am aware of the need for ethical conduct in my job	0.543				
8.7 I believe that ethical conduct should be part of my life	0.866				
8.10 I understand that ethical conduct is important	0.845				
CUMULATIVE VARIANCE EXPLAINED					62.134
CLUSTER 2 Interaction between the individual and the company in terms of ethics					
Construct 4 Individual involvement in the company code of conduct		2.329	1.730	2.778	0.893
8.18 I am involved in any changes to the code	0.912				
8.21 My supervisor discusses the code with me	0.840				
8.22 I discuss the code with the people I work with	0.707				
8.19 My union representatives are consulted on code changes	0.697				
8.15 Senior management informs me of the code	0.586				
8.17 Management distributes regular communication briefs on the code	0.570				
8.20 Diversity is discussed in the code	0.561				

Personal knowledge regarding ethical conduct	Factor loading	Mean value	Minimum	Maximum	Reliability coefficient
8.23 I attended a formal training course on the code	0.535				
8.25 Posters on the code is displayed	0.428				
Construct 5 Company's authority in terms of the code of conduct		2.868	2.567	3.067	0.806
8.16 The code is available on the company internet/intranet	-0.895				
8.24 The code makes provision for penalties for misconduct	-0.670				
8.27 Company culture supports the code	-0.669				
8.26 The code includes a confidential telephone number to report misconduct	-0.473				
CUMULATIVE VARIANCE EXPLAINED					58.475
CLUSTER 3 Relationship of the respondent with the training centre employed in					
Construct 6 Professional conduct of training centre staff		3.431	3.262	3.544	0.842
8.32 Training staff respect the copyright on training material	0.454				
8.33 Training staff are competent	0.576				
8.35 Training courses meet the identified training needs	0.822				
8.36 Training material is updated regularly	0.707				
8.37 Clients of the training centre are treated appropriately	0.753				
8.38 Appropriate training methods are being used	0.789				
8.39 Training staff respect cultural diversity	0.653				
8.42 Training staff treat people with disabilities with respect	0.642				

Personal knowledge regarding ethical conduct	Factor loading	Mean value	Minimum	Maximum	Reliability coefficient
Construct 7 Negative aspects of training		1,702	1,570	1,866	0.705
8.29 Fraudulent activities are taking place	0.781				
8.30 Conflicts of interest are occurring	0.809				
8.31 Trainers train although they are not prepared	0.731				
Construct 8 Confidential treatment of information		3.730	3.724	3.737	0.857
8.46 Training files are treated in a confidential manner	0.920				
8.47 Information obtained from employees is kept confidential, if requested	0.925				
Construct 9 External use of information by training staff		2.895	2.537	3.396	0,657
8.40 Environmental awareness forms part of training courses	0.607				
8.41 Training staff extend training courses to the surrounding community	0.501				
8.43 Training staff discuss ethics in their meetings	0.681				
Construct 10 Use of company equipment for personal gain		1.733	1.667	1.800	0.836
8.44 Training centre staff use company computers for personal gain	0.885				
8.45 Training centre staff use company telephones for private gain	.0936				
CUMULATIVE VARIANCE EXPLAINED					70.473

From above table the following can be derived:

- according to Field (2005: 668) Cronbach-Alpha values between 0.7 and 0.8 are acceptable values. From above table only one construct had a reliability coefficient of 0,657 (external use of information by training staff). This reliability is based on only

three items which reduced the overall reliability. All the other reliability coefficients ranged from 0.705 to a high of 0.893. It is clear that the reliability of the constructs ranges from acceptable to highly acceptable.

- If we analyse the mean value of the constructs based on the 4-point scale used in the questionnaire the following deductions can be made:
 - respondents perceive that they have a reasonable knowledge of ethical conduct based on their own perception of the construct ;
 - they perceived a reasonable influence on their ethical conduct by the company they are working for ;
 - an interesting finding is the large extent respondents placed on the power of the inner voice in terms of ethical conduct. This is clear support for Dirkx's (2005) work in this regard ;
 - regarding the participation in the development of a code by the company there appears to be a low participation level from employees being drawn in by the company during the development or revision of ethical codes ;
 - respondents seem to be in agreement regarding the authority of the company in dealing with transgressions of the ethical code with respondents rating this construct to a reasonable extent ;
 - there is an overwhelming support for the professionalism displayed by training staff. This finding need to be treated with caution since there is a lot of subjectivity in what is meant by professionalism. It is the authors opinion that the understanding of the concept "professionalism" may be poor ;
 - from the negative aspects of training respondents felt this played a role only to a small extent. This finding can be read in two ways – either these types of behaviour is not taking place or respondents were uncertain as to what would be done with the information and decided to err on the conservative side ;
 - the respondents are in full agreement regarding the confidential treatment of files and on information given to training staff. This finding is supported by the high reliability coefficient of 0.857 based on two items ;
 - respondents perceived to a reasonable extent that environmental awareness and assistance to the surrounding community is happening. Here there is also a question whether this perception is linked to the requirement to be ISO14001 compliant based on customer requirements. There is also a question mark around the influence of social and labour plan requirements in terms of the

Minerals and Petroleum Resources Development Act which governs a company's permit to mine ;

- o in line with the finding on construct 7 regarding the negative aspects of training the misuse of company equipment is perceived to take place to a small extent. The same caution on this finding as above need to be considered.

Based on the findings discussed there is a clear distinction in perceptions shown by training centre staff. These findings support aim 2 indicating that respondents will have an opinion on ethical conduct. Clear differences in perception is shown based on table 4.3.

In terms of the variance explained by the research it ranges from a 58,475 to a 70,473. The cumulative variance explained by this research is excellent.

4.4 ANALYSIS OF VARIANCE (ANOVA)

Field (2005:309) explains that Analysis of Variance (ANOVA) has the advantage that it can be used to analyse situations where there are several independent variables. In such instance ANOVA informs the researcher how these independent variables interact with each other and the effects of these interactions on the dependant variable.

Table 4.4 summarises the first three constructs compared with the training staff working in a mine or group training centres.

Table 4.4 : Constructs 1-3 compared to training staff working in group or mine training centres.

CLUSTER	TRAINING CENTRES	MEAN	SD	EFFECT SIZES
Cluster 1 – Personal ethical knowledge	Group training centre	2.8956	.68996	
	Mine training centre	2.8221	.68625	0,11
Cluster 2 – Ethical relationship between individual and company	Group training centre	2.7677	.72528	
	Mine training centre	2.6194	.64326	0,20
Cluster 3 – Ethical relationship between individual and training centre	Group training centre	3.5063	.59163	
	Mine training centre	3.5423	.56805	0,06

Field (2005:32) defines an effect size as “an objective and standardised measure of the magnitude of the observed effect”. The value of using effect sizes is that effect sizes can be measured across a number of research studies although different measurements may be used. Effect sizes are useful since they provide an objective measure of the importance of an effect. Ellis and Steyn (2003) indicate that effect size is independent of sample size and is a measure of practical significance. When analysing random samples a p-value of less than 0,05 is taken as statistically significant. Such statistical significance, however, does not imply that the result is important in practice as these tests tend to provide small p-values (indicating significance) as the sizes of the data sets increase. Effect size is also used in this study since the sample is a convenience sample (not a random sample). Effect size is useful since it provides information over and above the descriptive statistics obtained from the convenience sample. The two authors quoted Cohen (1988) who provided the following guideline for effect sizes. The reason for using the guideline below and any of the other guidelines developed by Cohen is due to the fact that in this research we are dealing with the difference between means.

d	=	0,2 Small effect
d	=	0,5 Medium effect
d	=	0,8 Large effect

Based on Cohen’s (1988) guideline there is only a small effect if clusters 1-3 are compared in terms of mine and group training centres. It can be deduced from this that there is no significant difference of how ethical conduct is experienced and managed in group or mine training centres within the specific mining group. This makes sense since group training centres set the direction for mining training centres to follow. A difference between the two types of training centres would have been of a concern since it would have meant that mine training centres are not adhering to the group policy set by these group training centres. Table 4.5 compares the same three constructs with the gender of training staff.

Table 4.5 : Constructs 1-3 compared with the gender of training centre staff.

CLUSTER	GENDER	MEAN	SD	EFFECT SIZES
Cluster 1 Personal ethical knowledge	Male	2.8858	.66493	
	Female	2.6029	.76577	0,37
Cluster 2 Ethical relationship between individual and company	Male	2.7289	.68340	
	Female	2.5588	.68105	0,25
Cluster 3 Ethical relationship between individual and training centre	Male	3.5630	.55159	
	Female	3.2941	.62230	0,43

From above table there is a small effect size for male versus female. The reason would be the small number of females (N=17) found in the sample. Another reason could be due to the administrative staff who completed the questionnaire. The original intention of the research was to exclude administrative staff from the sample. In the current sample there does not appear to be any difference in ethical conduct between females and males given the caution raised above.

Table 4.6 compares the three clusters with the age groupings found in the sample.

Table 4.6 : A comparison of the three clusters with age groupings.

CLUSTER	AGE GROUPINGS	18-29	30-39	40-49	50-59	60 plus
Cluster 1 Personal ethical knowledge	18-29	-	0,22	0,32	0,51	0,74
	30-39	0,22	-	0,10	0,29	0,51
	40-49	0,32	0,10	-	0,19	0,42
	50-59	0,51	0,29	0,19	-	0,23
	60 plus	0,74	0,51	0,42	0,23	-

CLUSTER	AGE GROUPINGS	18-29	30-39	40-49	50-59	60 plus
Cluster 2 Ethical relationship between individual and company						
	18-29	-	0,10	0,36	0,32	0,76
	30-39	0,10	-	0,26	0,22	0,65
	40-49	0,36	0,26	-	0,04	0,39
	50-59	0,32	0,22	0,04	-	0,44
	60 plus	0,76	0,65	0,39	0,44	-

Cluster 3 Ethical relationship between individual and training centre	AGE GROUPINGS	18-29	30-39	40-49	50-59	60 plus
	18-29	-	0,86	1,10	0,99	1,00
	30-39	0,86	-	0,24	0,13	0,14
	40-49	1,10	0,24	-	0,11	0,10
	50-59	0,99	0,13	0,11	-	0,01
	60 plus	1,00	0,14	0,10	0,01	-

From table 4.6 the following can be derived:

- there are only medium effect sizes between the different age groupings indicating that there are no significant relationships between the age groups in terms of personal knowledge of ethical conduct. This is interesting since younger respondents also understood the difference between right and wrong ;
- from cluster 2, dealing with the company's authority position, there are medium effects mainly in the younger categories (18-39 groups) when compared to the 60 plus group. Again no significant findings in excess of 0,8 could be found between the different age groups. It appears as if the company influence is uniform across all age groups. This finding should be considered together with the high percentage of respondents indicating the presence of a code of conduct in their organisation (83,8%) ; and
- the major finding is the influence of age within the training centre grouping (cluster 3). There are large effects between the younger group (18-29) with all the other age groupings as can be seen in table 4.6 with all the relationships being in excess of 0.80. There is, therefore, a significant difference between age groupings in the training centres in terms of ethical conduct. This is an interesting finding supporting aim 3 in

chapter 1 regarding biographical factors having an influence on ethical conduct – this is a mixed finding as it does not hold true for the first two clusters, but only for training centres.

Table 4.7 shows the means and standard deviations for the three age clusters.

Table 4.7 Standard deviations and means for three clusters of age groupings

CLUSTER	AGE GROUPINGS	MEAN	SD
Cluster 1 Personal ethical knowledge	18-29	2.6071	.49701
	30-39	2.7568	.75573
	40-49	2.8233	.61437
	50-59	2.9521	.61030
	60 plus	3.1042	.95023
	Total	2.8528	.67632
Cluster 2 Ethical relationship between individual and company	18-29	2.5000	.54467
	30-39	2.5689	.80755
	40-49	2.7448	.62251
	50-59	2.7150	.61947
	60 plus	3.0125	.75502
	Total	2.7045	.68021
Cluster 3 Ethical relationship between individual and training centre	18-29	3.0000	.60858
	30-39	3.4775	.61634
	40-49	3.6092	.44651
	50-59	3.5500	.51502
	60 plus	3.5556	.86845
	Total	3.5303	.56220

From table 4.7 cluster 1 we can derive the increased personal knowledge as age increases, typically from the age 30-39 onwards. This is in line with the findings on the increase in age being a determinant in improved ethical conduct.

When the ethical relationship between the individual and the company is considered (cluster 2) the younger age group is considers themselves as less ethical compared to older workers. The age group 60 plus is again the most ethical in their dealings with the company although all the other age groups are higher than the youngest age sample.

The youngest age group in cluster 3 shows an improved relationship with the training centre they are employed at when compared to their relationship with the company. This shows that they are identifying more with the training centre as compared with the company. This may be significant as the younger employees identify more with the section they are employed in compared to the company they work for. For the other age groups there are a similar trend when comparing cluster 2 and 3. It appears as if staff tend to associate with both the work area and the company when they become older and more experienced. This is an area that may point to further research.

When comparing clusters 1-3 with the membership of professional associations the information set out in table 4.8 is obtained.

Table 4.8 : Comparing the three clusters with professional association membership.

CLUSTER 1 PERSONAL ETHICAL KNOWLEDGE						
PROFESSIONAL ASSOCIATIONS	SACMA	SACEA	SACHRA	ASTD	OTHER	NIL
SACMA	-	0,61	0,94	-	0,73	0,35
SACEA	0,61	-	0,32	-	0,12	0,26
SACHRA	0,94	0,32	-	-	0,20	0,59
ASTD	-	-		-	-	-
Other	0,73	0,12	0,20	-	-	0,38
No association	0,35	0,26	0,59	-	0,38	-

CLUSTER 2 ETHICAL RELATIONSHIP BETWEEN INDIVIDUAL AND COMPANY						
	SACMA	SACEA	SACHRA	ASTD	OTHER	NIL
SACMA	-	0,11	0,55	-	0,13	0,63
SACEA	0,11	-	0,66	-	0,24	0,73
SACHRA	0,55	0,66	-	-	0,42	0,07
ASTD	-	-	-	-	-	-
Other	0,13	0,24	0,42	-	-	0,49
No association	0,63	0,73	0,07	-	0,49	-

CLUSTER 3 ETHICAL RELATIONSHIP BETWEEN INDIVIDUAL AND TRAINING CENTRE						
	SACMA	SACEA	SACHRA	ASTD	OTHER	NIL
SACMA	-	0,00	0,83	-	0,36	0,41
SACEA	0,00	-	0,83	-	0,36	0,41
SACHRA	0,83	0,83	-	-	0,48	0,43
ASTD	-	-	-	-	-	-
Other	0,36	0,36	0,48	-	-	0,05
No association	0,41	0,41	0,43	-	0,05	-

From table 4.8 the following can be derived:

- great effect sizes are seen between members belonging to the South African Colliery Managers Association (SACMA) and South African Colliery Human Resources Association (SACHRA) within cluster 1. There appears to be a difference in the individual value systems of HR people belonging to SACHRA compared to those line managers belonging to SACMA. It is not clear whether people belonging to SACMA hold greater ethical values than those of the SACMA members or vice versa. This relationship could be well worth exploring in future research as there is position power differential at work – SACMA members are mostly in line management with HR staff fulfilling a staff function. HR staff, in most cases, report to mine managers making up the membership of SACMA.
- cluster 2 have some medium effect sizes with highest between SACMA and SACEA with respondents who did not belong to any professional association. There does not, however, appear to be any significant findings between the professional associations when compared to cluster 2.

- in cluster 3, dealing with the ethical conduct within training centres, there appears to be a more dominant role for SACHRA which is logical since training staff is mainly part of the HR profession. There are no real differences between the other associations.

In the next section the three clusters will be compared to the positions held by training staff.

TABLE 4.9 : Clusters 1-3 compared with training centre positions.

CLUSTER 1 PERSONAL ETHICAL KNOWLEDGE					
	Asst. Training Officer	Training Officer	Snr. Training officer	Training Manager	Other
Asst. Training Off.	-	0,01	0,66	0,51	0,19
Training Officer	0,01	-	0,67	0,52	0,20
Snr. Training Off.	0,66	0,67	-	0,15	0,47
Training Manager	0,51	0,52	0,15	-	0,32
Other	0,19	0,20	0,47	0,32	-

CLUSTER 2 ETHICAL RELATIONSHIP BETWEEN INDIVIDUAL AND COMPANY					
	Asst. Training Officer	Training Officer	Snr. Training officer	Training Manager	Other
Asst. Training Off.	-	0,15	0,09	0,22	0,17
Training Officer	0,15	-	0,24	0,07	0,32
Snr. Training Off.	0,09	0,24	-	0,31	0,08
Training Manager	0,22	0,07	0,31	-	0,39
Other	0,17	0,32	0,08	0,39	-

CLUSTER 3 ETHICAL RELATIONSHIP BETWEEN INDIVIDUAL AND TRAINING CENTRE					
	Asst. Training Officer	Training Officer	Snr. Training officer	Training Manager	Other
Asst. Training Off.	-	0,08	0,38	0,49	0,44
Training Officer	0,08	-	0,30	0,41	0,36
Snr. Training Off.	0,38	0,30	-	0,11	0,06
Training Manager	0,49	0,41	0,11	-	0,05
Other	0,44	0,36	0,06	0,05	-

From table 4.9 the following can be derived:

- in cluster 1, which deals with the individual's personal ethical value system, there are medium effect sizes between the assistant training officer position and those of the training officer, senior training officer and the training manager. There appears to be an indication that the individual values systems do differ between positions within the training structure, most notably between that of the lowest level (assistant training officer) and the other three positions within the structure. This difference is, however not significant ;
- cluster 2, dealing with the company influence on individuals within that company, interestingly provides only small effect sizes. This could be interpreted that the company influence on ethical conduct is the same for all organisational levels in the training centre structure ; and
- cluster 3, dealing with ethical conduct in the training centre, shows a small effect size between organisational levels. Although not large enough to comment on the largest differences in effect size is between the lowest level of a training officer and that of the training manager, it does appear that there is some difference between positions, but in this research the effect is too small to be of significance.

In table 4.10 the three clusters will be compared with the educational levels of the respondents.

TABLE 4.10 : A comparison between clusters 1-3 and educational levels.

Cluster 1 Personal ethical knowledge	> Grade 10	Grade 11	Grade 12	M + 1	M + 2	M + 3	Post Grad
> Grade 10	—	0,44	0,07	0,41	0,05	0,18	0,19
Grade 11	0,44	—	0,37	0,03	0,39	0,62	0,63
Grade 12	0,07	0,37	—	0,34	0,02	0,25	0,26
M + 1	0,41	0,03	0,34	—	0,36	0,59	0,60
M + 2	0,05	0,39	0,02	0,36	—	0,23	0,24
M + 3	0,18	0,62	0,25	0,59	0,23	—	0,01
Post Grad	0,19	0,63	0,26	0,60	0,24	0,01	—
Cluster 2 Ethical relationship between individual and company							
> Grade 10	—	0,80	0,64	1,25	1,00	0,61	1,26
Grade 11	0,80	—	0,16	0,44	0,20	0,20	0,45
Grade 12	0,64	0,16	—	0,61	0,36	0,03	0,62
M + 1	1,25	0,44	0,61	—	0,24	0,64	0,01
M + 2	1,00	0,20	0,36	0,24	—	0,39	0,25
M + 3	0,61	0,20	0,03	0,64	0,39	—	0,65
Post Grad	1,26	0,45	0,62	0,01	0,25	0,65	—
Cluster 3 Ethical relationship between individual and training centre							
> Grade 10	—	0,23	0,18	0,04	0,30	0,28	0,23
Grade 11	0,23	—	0,05	0,19	0,53	0,51	0,46
Grade 12	0,18	0,05	—	0,14	0,48	0,46	0,41
M + 1	0,04	0,19	0,14	—	0,34	0,32	0,27
M + 2	0,30	0,53	0,48	0,34	—	0,01	0,07
M + 3	0,28	0,51	0,46	0,32	0,01	—	0,05
Post Grad	0,23	0,46	0,41	0,27	0,07	0,05	—

From table 4.10 the following can be derived:

- there is no significant effect size between the different education levels in terms of personal ethical conduct. This is surprising since it would have been expected that respondents with higher education would have been exposed to ethics in their studies when compared to respondents with lower educational qualifications. Such education should have formed the individual's ethical knowledge to a greater extent compared to respondents with a lower education. This is perhaps an indication of the lack of ethical discourse in higher education. This could be a fruitful area for further research ;
- in cluster 2 large effect sizes are found between respondents with less than a grade 10 qualification when measured against grade 11 upwards – excluding M + 3 where here is a medium effect. It is clear that higher educational levels lead to an improved understanding of ethics within the organisational context. Again there is an interesting difference between personal knowledge of ethics and what is found in the company. It appears as if higher education bodies are not concentrating on ethical conduct whilst the companies taking part in the research appear to take ethical conduct more seriously ; and
- in cluster 3 there are small effect size results indicating that educational levels do not appear to have an impact on ethical conduct within the training centre. This is a strange finding as it would have been expected that training staff with higher education levels would have come through strongly. This finding appears to concur with the discussions around ethical training at higher education institutions.

In section 4.11 the effect of experience on the three clusters will be summarised.

TABLE 4.11 The relationship between the three clusters and respondents experience.

Cluster 1 Personal ethical knowledge	0-5 years	6-10 years	11-15 years	16-20 years	21-25 years	> 25 years
0-5 years	—	0,20	0,31	0,58	0,12	0,85
6-10 years	0,20	—	0,11	0,38	0,08	0,64
11-15 years	0,31	0,11	—	0,27	0,19	0,53
16-20 years	0,58	0,38	0,27	—	0,45	0,27
21-25 years	0,12	0,06	0,19	0,45	—	0,72
> 25 years	0,85	0,64	0,53	0,27	0,72	—

Cluster 2 Ethical relationship between individual and company						
0-5 years	—	0,04	0,02	0,04	0,08	0,51
6-10 years	0,04	—	0,07	0,09	0,04	0,47
11-15 years	0,02	0,07	—	0,02	0,11	0,54
16-20 years	0,04	0,09	0,02	—	0,12	0,56
21-25 years	0,08	0,04	0,11	0,12	—	0,43
> 25 years	0,51	0,47	0,54	0,56	0,43	—
Cluster3 Ethical relationship between individual and training centre						
0-5 years	—	0,11	0,18	0,20	0,03	0,30
6-10 years	0,11	—	0,07	0,09	0,08	0,19
11-15years	0,18	0,07	—	0,02	0,15	0,13
16-20 years	0,20	0,09	0,02	—	0,17	0,10
21-25 years	0,03	0,08	0,15	0,17	—	0,27
> 25 years	0,30	0,19	0,13	0,10	0,27	—

From table 4.11 the following can be derived:

- from cluster 1 it is clear that there is a large effect size between respondents with less than 5 years experience compared to those with more than 25 year service. Clearly long service leads to the individual being personally fully aware of his/her ethical perception when compared to persons with less experience. Experience is also coupled with age since someone with more than 25 years of service will also be in the 45 year and above age range ;
- in cluster 2 there are only medium effect sizes in the 0 -20 years categories when compared to the above 25 experience level. The finding could be that the company's acculturation of employees is effective from employees with a low number of service years up to employees with more service in the company. The influence of the company on the individual's ethical behaviour is another area where more research will be useful ; and
- Cluster 3 shows only relative low effect sizes when comparing the relationship between the individual and the training centre. There does not appear to be any significant difference in how the relationship in the training centre is perceived throughout any of

the experience levels. The influence of the training centre on employees appear to be neutral over all the experience levels.

In terms of aim 4 regarding differences in demographics between training centre staff there are mixed findings. There does not appear to be clarity in this area of research and aim 4 is therefore only partially supported in the current research.

In section 4.5 the limitations of the research will be discussed in more detail.

4.5 LIMITATIONS TO THE RESEARCH

The limitations to the research will be discussed under two headings namely limitations to the research design followed by other limitations which were encountered.

4.5.1 Limitations in the research design

The first limitation found in the research was the lack of published academic material on the field of ethical conduct in general and in the HRD field in particular. In the author's view, most of the recent academic research was triggered as a result of some catastrophic business failures which led to a major public focus on ethical conduct in social institutions. Some of the previous publications – although useful - were somewhat dated and there seem to be a dearth of information on the subject. This makes the current research a seminal one on which other researchers could contribute.

The fact that the researcher could not administer all the questionnaires himself, due to a time constraint, led to a number of questions not completed correctly. There was a lack of quality control regarding a number of questions which most probably had an effect on the final statistical analysis.

Although the questionnaire was field tested, as discussed in chapter 3, there were a number of responses which showed a lack of understanding, for example, the one on professional associations. Respondents did not appear to understand what a professional body is. In addition, as discussed under section 4.2 a number of professional associations were left off the questionnaire by mistake. This omission should be rectified in future research.

One mining house declined to participate in the research. It is difficult to establish what the influence of this exclusion had on the total data collection process.

As also previously mentioned administrative staff, who were excluded from the original target population, complete questionnaires. The influence of this information on the data is also not clear.

A blended research method would have been a great benefit to the research. Use of a qualitative approach in establishing what the perceptions were prior to developing the final questionnaire would have been useful in creating an improved questionnaire, most probably ironing out a number of challenges with the final questionnaire in the quantitative part of the research.

4.5.2 Other limitations

The first limitation in the view of the author is that the research was limited to the coal mining industry, which is a small section of the total mining industry in South Africa. This was again due to the research being a case study with a view to stimulate further research in the wider mining industry. There is, therefore, a lack of generalisation of the findings beyond coal mining training centres.

The research was somewhat one sided in the sense that the entire research was based on a sample taken from the training centre staff. A useful addition to the research would have been to obtain the perceptions from line management of how they view the training centre in terms of ethical conduct and behaviour. It would have given some focussed information on the HR department's contribution to the development of ethical behaviour within individual collieries.

In the next section some recommendations for future research will be discussed.

4.6 RECOMMENDATIONS FOR FUTURE RESEARCH

Some of the recommendations were alluded to in the limitations discussed in section 4.6. The following recommendations for future research can be made:

4.6.1 Improvement in the research questionnaire

Make use of the findings from this research to improve on the questionnaire items through qualitative interviews. It is also necessary to apply the improved questionnaire to other sectors in the mining industry to build a more inclusive information base on ethical conduct in the mining industry as a whole. Such approach could also inform research in other sectors of the South African economy.

4.6.2 The need for codes of ethics in South Africa

Further research will start to create the urgency within organisations to start building on ethical conduct by making it a business imperative seen in the same light as safety and

health is having in the wider mining industry at the present moment. Although mining companies may be required to apply international codes of conduct such as the United Nations Global Compact such codes may have little or no application to the local mine level employee. Employees should not only understand the company code of conduct, but it must become fully internalised. The challenge for company management is how the internalisation process may be accomplished.

4.6.3 The efficacy of training organisational members on codes of ethics

From the current research 84% of respondents indicated their awareness of a code of ethics within the organisation they were employed at. The knowledge of the principles of the code and its contents was not evaluated. An interesting research project may be to evaluate the knowledge of a research group regarding a code of conduct within their organisations. More importantly, however, what the most effective method would be to transfer the knowledge contained in such a code to all organisational members.

4.6.4 Quality/contents of codes of ethics

The content of codes of conduct were not analysed in this research, except to determine whether a code of conduct does exist in the organisation or not. It is the author's opinion that conducting an analysis of codes of conduct in South African organisations and professional associations would inform the current status and quality of such codes in comparison to international norms. It was clear from the current research that there is a major difference in the content and quality of codes of conduct surveyed.

4.6.5 Research into the ethical content of higher education qualifications

The development of HR staff in the field of ethics should be given a major impetus. Such training should be provided at both universities of technology and academic institutions. Such development will assist in developing the professional status of Human Resources and HRD. The same focus on ethical course content is also required in other disciplines such as accountancy, engineering and others.

4.6.6 Further research on biographical/demographical influences on ethical conduct.

From the afore going discussions a number of new research directions were identified. These include the effect of gender on ethical behaviour, the role of positional power in the

relationship between line management and Human Resources and the effect of demographics on ethical conduct as a whole.

4.6.7 The power of the inner-directed conversation

The effect of Dirkx's (2005) work on inner-directed conversation and its influence on ethical conduct is another area worth exploring. It is the author's opinion that the influence of age and the maturing of these inner-directed conversations play a major role in cementing ethical behaviour as people age.

4.6.8 The influence of peers on ethical behaviour

From the research it was found that the ethical behaviour displayed by peers either at work or within professional organisation has an influence on an individual's own ethical behaviour. The influencing skills displayed by such peers and the development of their power base over other organisational members will lend itself to some fascinating insights.

4.6.9 Ethics and the environment

With the concerns around global warming and environmental degradation there is a need to link the actions of organisations with the effects they are having on the environment. Ethical conduct, in terms of environmental requirements, is another rich field of research as it could also be linked to corporate social investment initiatives and long term sustainability.

In section 4.7 the contribution of the research to the field of training and development will be examined.

4.7 Contribution of the research to training and development

In terms of the contribution of the research to the science of training and development the following comments can be made.

4.7.1 Importance of codes of conduct

Throughout the literature research the growing importance of ethical conduct in organisations is emphasised. It is therefore incumbent upon HRD practitioners to not only become familiar with the pertinent literature on ethics, but to be able to communicate with authority in this regard.

4.7.2 Changing HRD practitioner competencies

In line with the knowledge requirements on ethical conduct HRD practitioners need to investigate effective training methods to convey information on ethical codes to employees. More important than the knowledge is to ensure that employees buy into the principle of ethical conduct both internal to the company and within society.. Training methodology must be linked with advances in communications and organisational development to win the hearts and minds of employees.

4.7.3 HRD professionalism

New trends in training and development such as in ethics require HRD staff to portray the ethical standards they train and educate others on. This requires additional competencies for HRD staff which needs to be obtained through continuous professional development. It is of the utmost importance for HRD staff to become involved in professional associations aimed at building on the image of the HRD profession. Legislative interventions may be necessary to ensure that HRD staff registers with professional bodies, something that is lacking in South Africa at present.

4.7.4 HRD curriculum

Professional bodies such as the SABPP will need to adjust their curriculum to cater for the new requirements as regards to ethical conduct. It should built ethical conduct into all HR and HRD qualifications to ensure the relevance of such qualifications. There is also a clear need for individuals with the correct skill sets to mentor and develop other HR practitioners.

4.7.5 Manuals

Professional associations need to develop manuals which are comprehensive enough to clarify professional codes and serve as reference document to assist their members with ethical dilemmas they encounter.

4.7.6 Influence at board of director level

With the need to train and develop company directors there is distinct need for HRD professionals to be recognised for the contribution they can make to the uplifting the skills of board members in corporate governance. The development of staff who are destined for board level is also partly in the hand of HRD practitioners. The early recognition of talented individuals and providing the right development and challenges for future positions must remain one of HRD departments priorities.

4.7.7 Stakeholder involvement

From the research there is a clear need for HRD professionals to become involved in engagement with stakeholders, whoever these stakeholders are. This could be done as part of the company involvement or on a voluntary basis.

4.8 CONCLUSIONS

The current research concentrated on ethical conduct amongst training staff in the South African coal mining industry. A number of findings were made which would lead to more research into the evolving field of ethical conduct.

There is an urgent need for further developments in codes of ethics within all organisations since there is a major emphasis in South Africa on not only corruption, but on ethical conduct expected by society from their leaders in government and business. There is also a lot of discussion around moral decline and in how such decline could be addressed.

Such discourse is required from school level through to tertiary education. Businesses have a major role in training staff on ethical conduct which will have an impact within the society these businesses operate. Here reference can be made to Kuther (2003) stating that ethical knowledge is not something people are born with, but that such knowledge and skills needed to be taught.

There is great need to draft organisational or professional codes of conduct in a democratic and participative manner. People will buy into these codes only if they believe that their views and opinions were incorporated into the document.

CHAPTER 5

5. LIST OF REFERENCES

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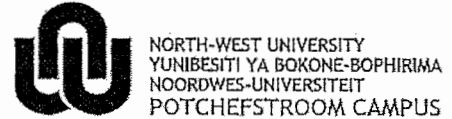
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APPENDIX A

ETHICAL CONDUCT IN

COAL MINING TRAINING CENTRES



Background

The **purpose** of this questionnaire is to gather information from training staff at coal mines working as assistant training officers, training officers, senior training officers and training managers. The information relates to ethics and ethical conduct in your company and the training centre you are working at. Your responses to the questionnaire will be treated anonymously and confidentially. (You will notice that you are neither required to write your name nor the name of your company on the questionnaire.)

Your personal opinion regarding the listed issues are requested. There are no correct or wrong answers.

Also note that:

- This research has to comply with ethical procedures as determined by the North-West University Research Committee which also oversees ethical issues.
- Permission to conduct the research was obtained from your colliery management.

Request:

You are kindly requested to complete all the questions honestly and to the best of your ability. Please submit the completed questionnaire directly to the researcher, once completed.

If you want to change your selection you may scratch out the item and select another option.

It should not take you more than 20 minutes to complete this questionnaire.

Thank you,

F.W. Kemp
RESEARCHER

SECTION A:

DEMOGRAPHIC AND BIOGRAPHICAL INFORMATION

Please tick (✓) the appropriate box.

1.	Please indicate where you work:		
	(a) Group Training centre (offering training services to a number of mines)		1
	(b) Mine Training centre (services to one mine only)		2
2.	Gender	(a) Male	1
		(b) Female	2
3.	Age	(a) 18 to 29	1
		(b) 30 to 39	2
		(c) 40 to 49	3
		(d) 50 to 59	4
		(e) 60 plus	5
4.	Professional associations you are registered with (you may tick more than one)	(a) South African Colliery Managers Association (SACMA)	1
		(b) South African Colliery Engineering Association (SACEA)	2
		(c) South African Colliery Human Resource Association (SACHRA)	3
		(d) American Society for Training and Development (SA branch) – (ASTD)	4
		(e) Other (Please specify):	5
		(f) No professional association	6
5.	Your current position	(a) Assistant training officer	1
		(b) Training officer	2
		(c) Senior Training officer	3
		(d) Training manager	4
		(e) Other (please specify):	5

6.	Highest qualifications (select one)	(a) Standard 8 or lower (grade 10)	1
		(b) Standard 9 (grade 11)	2
		(c) Matric (grade 12)	3
		(d) One year recognised post-matric qualification (M + 1)	4
		(e) Two years recognised post-matric qualification (M + 2)	5
		(f) Three years recognised post-matric qualification (M + 3)	6
		(g) Post-graduate degree or equivalent	7
7.	Experience gained in training / human resource development	(a) 0 – 5 years	1
		(b) 6 – 10 years	2
		(c) 11 – 15 years	3
		(d) 16 – 20 years	4
		(e) 21 – 25 years	5
		(f) More than 25 years	6

SECTION B:

QUESTIONS ON ETHICAL CONDUCT

B.1. Ethics refer to your personal standards of right or wrong.

B.2. An ethical dilemma refers to a choice between two equally good or equally poor ethical actions. Example: The employees you are training inform you in confidence of a problem at the company. Do you breach the confidentiality or do you inform management of the problem?

To what extent does the following apply to you or your company:

(Please tick (✓) one option only)

		Not at all	Small extent	Reasonable extent	Large extent
The following questions deal with your personal knowledge regarding ethical conduct:					
8.1	I require more information on ethical conduct	1	2	3	4
8.2	I am knowledgeable regarding ethical conduct	1	2	3	4
8.3	I was exposed to ethical conduct through my professional association(s)	1	2	3	4
8.4	I am aware of ethical dilemmas	1	2	3	4
8.5	I make use of a decision-making process to resolve ethical dilemmas	1	2	3	4
8.6	I am aware of the need for ethical conduct in my job	1	2	3	4
8.7	I believe that ethical conduct should be part of my life	1	2	3	4
8.8	My current job taught me about ethical conduct	1	2	3	4
8.9	My supervisor discusses ethical problems with me	1	2	3	4
8.10	I understand that ethical conduct is important	1	2	3	4
8.11	Ethical conduct is part of company meeting agendas	1	2	3	4
8.12	Appropriate ethical conduct by employees is rewarded (for example: bonus)	1	2	3	4
8.13	Ethical conduct is measured in the company's performance appraisal system	1	2	3	4

The following questions refer to the ethical code of conduct in the company you are currently working for:

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8.14	There is a code of conduct	Yes	1	No	2	Do not know	3

The following questions deal with the training centre you are currently working at:

8.28	A copy (copies) of the code of conduct is displayed in the training centre	Yes	1	No	2	Do not know	3
			<u>Not at all</u>		<u>Small extent</u>	<u>Reasonable extent</u>	<u>Large extent</u>
8.29	Fraudulent activities are taking place		1	2	3	4	
8.30	Conflicts of interest are occurring		1	2	3	4	
8.31	Trainers train although they are not prepared		1	2	3	4	
8.32	Training staff respect the copyright on training material		1	2	3	4	

8.33	Training staff are competent	1	2	3	4
8.34	Training staff disclose confidential information to external parties	1	2	3	4
8.35	Training courses meet the identified training needs	1	2	3	4
8.36	Training material is updated regularly	1	2	3	4
		<u>Not at all</u>	<u>Small extent</u>	<u>Reasonable extent</u>	<u>Large extent</u>
8.37	Clients of the training centre are treated appropriately	1	2	3	4
8.38	Appropriate training methods are being used	1	2	3	4
8.39	Training staff respect cultural diversity	1	2	3	4
8.40	Environmental awareness forms part of training courses	1	2	3	4
8.41	Training staff extend training courses to the surrounding community	1	2	3	4
8.42	Training staff treat people with disabilities with respect	1	2	3	4
8.43	Training staff discuss ethics in their meetings	1	2	3	4
8.44	Training centre staff use company computers for personal gain	1	2	3	4
8.45	Training staff use company telephones for private gain	1	2	3	4
8.46	Training files are treated in a confidential manner	1	2	3	4
8.47	Information obtained from employees is kept confidential, if requested	1	2	3	4

Thank you for your time in completing the questionnaire.

APPENDIX B

SABPP CODE OF CONDUCT

THE SABPP CODE OF CONDUCT

Preamble

We value what we can offer as a profession and recognize the stewardship role of the profession and its members. This role is embodied in the norms and principles we stand for. The purpose of this code is to entrench the obligation we have as professional HR practitioners to uphold the profession's norms and principles and to conduct our activities in a professional and ethical manner. To ensure the trust of all our stakeholders, we strive to build the reputation of the profession and its members through the values of responsibility, integrity, respect and competence.

Our ethical identity

As members of the profession of Human Resource Management in SA, we actively pursue the ideals of professionalism and are therefore ethically obliged to

- Bring meaning and quality of worklife to the people we serve in our professional capacities
- Ensure the sustainability of the organisations that we serve
- Make a difference to the communities we touch.

Our ethical values

Responsibility

Our first responsibility is to meaningfully transform the lives of those men and women that are employed by the organisations we serve. We have a further responsibility to contribute to the success and sustainability of the organisations that employ us or that we render a service to. It is our responsibility to comply with the expectations of our profession and fellow practitioners. We accept responsibility for the outcomes of our actions and interventions. In this we contribute to the greater goodness of society.

Integrity

As HR practitioners we are committed to exemplary ethical conduct that is characterised by honesty, objectivity, fairness of judgement, consistency of action and loyalty to our profession and the organisations and communities we engage with. We aim to grow the profession in a controlled and responsible manner. In that we strive to attract to the profession members with sound moral character and integrity.

Respect

We are unwaveringly committed to tolerance, respect for human dignity and upholding the human rights as prescribed by the constitution of the country. We treat all our stakeholders with respect and protect them from harm. We stand in service of our profession and its membership, those organisations that remunerate us for our professional contributions, and the communities we affect. We have an obligation to prevent breaches of principles of respect and to assertively object to such violations when they occur. We respect the confidentiality of information that is entrusted to us.

Competence

Professional registration of HR practitioners is a privilege afforded to individuals that have met the criteria for registration. We are committed to ensure professional credibility by actively evaluating and protecting the quality of professional education and training of those aspiring to enter the profession. We aspire to uphold the highest standards of continued professional development and improvement of competence of members of the profession. We enact this aspiration through role modelling and mentorship. It is our professional duty to integrate and apply sound human resource management principles, policies and practices in all aspects of people management and to assess the value that we add. We strive to formulate generally accepted HR practices that adhere to criteria of scientific and feasibility proportions. It is our quest to build the field of human resource management by promoting and supporting rigorous research.

YOUR PERSONAL COMMITMENT TO THE PROFESSION:

When registering with the South African Board for Personnel Practice, human resources professionals are required to make a personal commitment as follows:

I

I declare that my commitment as a Human Resources professional registered with the South African Board for Personnel Practice is:

To the people and the organisation I serve

- by striving for effective results !
- serving impartially!
- developing people and !
- building relationships.!

To the profession

- by pursuing its enhancement with loyalty!
- by engendering pride in and protection of the stature of HR !
- by performing my duties according to the best practice, in the public interest!

To ethical standards

- by maintaining the highest standard
- of ethical behaviour
- discretion and
- non-discriminatory practice.

To excellence

- by striving in my professional work for my continued professional development !
- and by keeping abreast of new knowledge and practice.

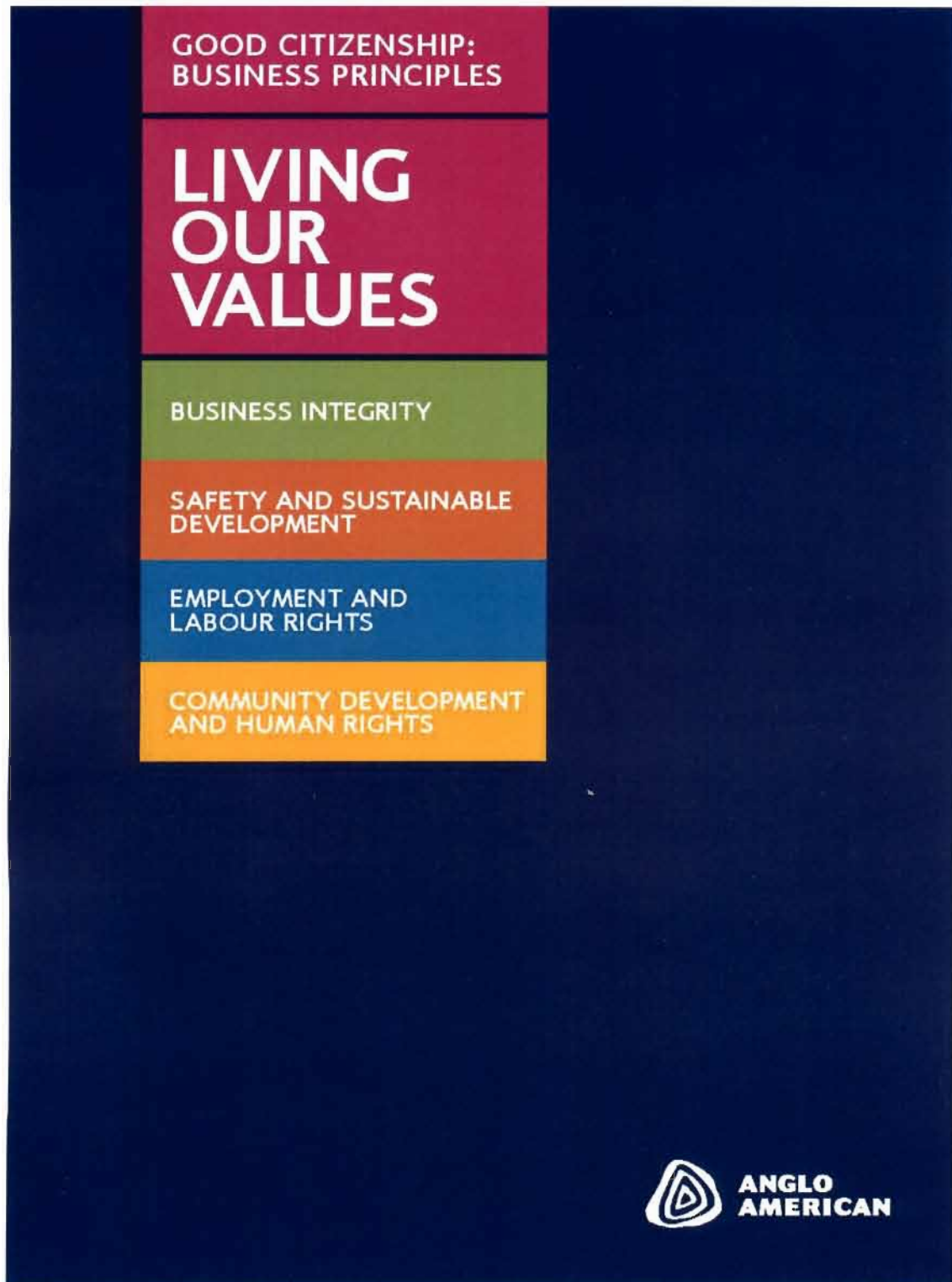
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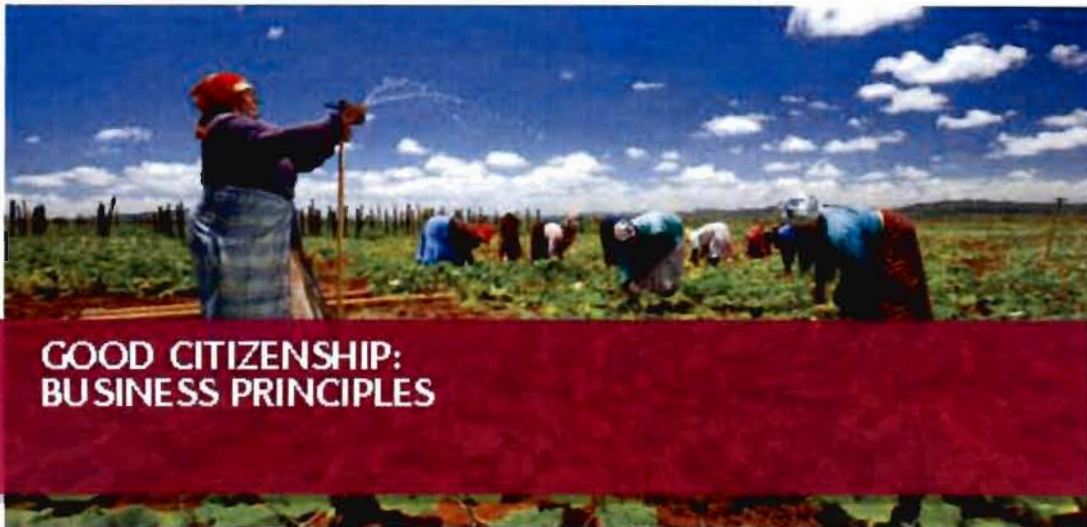
Revised September 2009

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APPENDIX C

GOOD CITIZENSHIP: BUSINESS PRINCIPLES





GOOD CITIZENSHIP: BUSINESS PRINCIPLES

The Anglo American Group has a proven record of making a positive difference to the countries and communities where we work. We are ambitious and committed to being a leader in the mining industry and to achieving excellence in all that we do. We believe that our objective of providing superior returns to our investors is best achieved through operating our businesses in a socially and environmentally responsible way.

Our six core values – safety, care and respect, integrity, accountability, collaboration and innovation – underpin this statement and apply to how we conduct our operations and to our dealings with external stakeholders. Earning and deserving trust is fundamental to the success of our business.

The safety and health of our workforce are of paramount importance and we are relentless in pursuit of our goal of zero harm. We promote diversity and inclusion so as to ensure that employees from all backgrounds are able to progress fairly and according to their abilities.

We are committed to supporting the sustainable development of the societies where we work. We recognise that some people are concerned by the perceived power of major corporations and believe that this is best addressed through transparency and accountability.

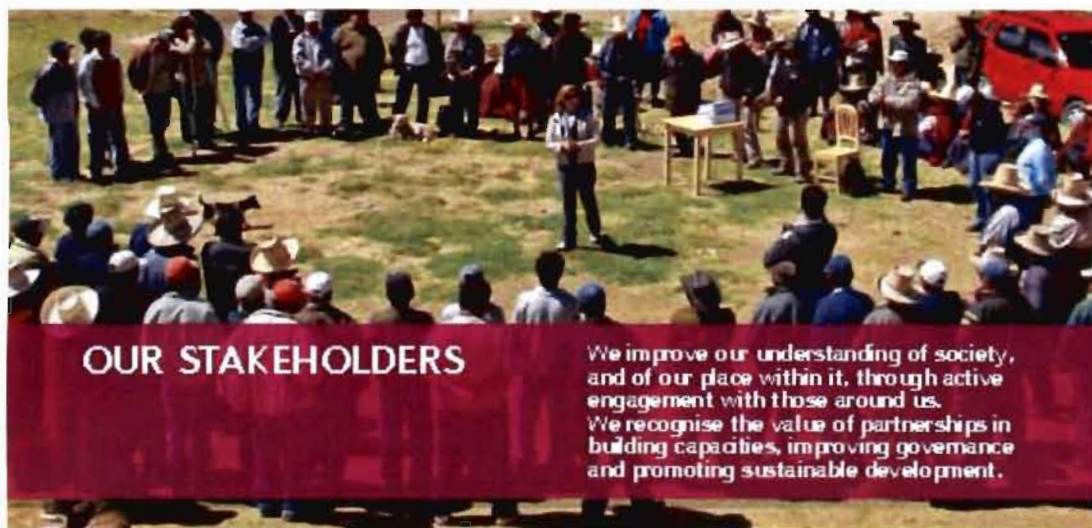
The nature and extent of our impacts carry with them obligations of respect for human rights, good environmental stewardship and ethical behaviour. We endorse the ten principles of the United Nations Global Compact.

The resources which we develop are, generally, owned by governments, in trust for their citizens. This creates a legitimate expectation that our businesses will generate opportunities for a range of stakeholders. Our products contribute to improving the living standards of people across the world and, we believe, responsible mining can and should contribute to wider development including the realisation of the Millennium Development Goals.

Our 'Good Citizenship' Principles set out the standards which guide the conduct of our businesses. Whilst we operate in many countries and in widely differing conditions, our values and principles have universal application. They apply to every business we manage, to everything we do and to every part of the world in which we operate or procure from. We will ensure that they are properly understood and observed and will review them periodically in the light of experience.

Sir John Parfitt Chairman

Cynthia Carroll Chief Executive



OUR STAKEHOLDERS

We improve our understanding of society, and of our place within it, through active engagement with those around us. We recognise the value of partnerships in building capacities, improving governance and promoting sustainable development.

Our principal accountability is to our investors. We will seek to maximise shareholder value over time. We believe that this is best achieved through an intelligent regard for the interests of other stakeholders and through a reputation for acting with integrity.

Investors

We will ensure full compliance with relevant laws and rules. We will observe high standards of corporate governance and are committed to transparency and fair dealing.

Employees

We are committed to the safety of our employees and to treating them with care and respect. We will invest in their development and ensuring that their careers are not constrained by discrimination or other arbitrary barriers to advancement. We recognise the importance of family life and of allowing our employees to achieve a satisfactory work-life balance. We will deal honestly, and maintain regular two-way communication, with our workforce.

Governmental Bodies

We will comply with the laws of our host countries whilst observing, across our activities, the best practice standards developed by the leading inter-governmental organisations. We aim to be an investor and partner of choice.

Communities

We aim to create and maintain strong and respectful relationships with the communities of which we are a part. We will seek regular engagement about issues that may affect them. We aim to contribute to the creation of more prosperous, empowered and adaptable communities. We will regularly assess our operations' impact upon local social and economic development and report upon it. We will provide local mechanisms for the consideration and resolution of complaints and grievances in a fair, timely and accessible manner.

Business Partners

We seek mutually beneficial relationships with our customers, contractors, suppliers and other business partners, based on fair and ethical practices, including prompt payment within the negotiated terms. We require our supply chain to strive to meet the standards set out in these principles.

Non-governmental Organisations

Civil society can play a crucial role in promoting pluralistic and more adaptable societies. We aim for constructive relations with relevant non-governmental organisations. Their input may improve our understanding of society and of host communities.



BUSINESS INTEGRITY

We are implacably opposed to corruption. We will not allow our employees, or those acting on our behalf, to offer, solicit, pay or accept bribes.

We support free enterprise as the system best able to contribute to the economic welfare of society and to promote individual empowerment and liberty.

Without profits and a strong financial foundation it would not be possible to fulfil our responsibilities to shareholders, employees, governments and communities and to those with whom we do business. Our investment criteria reflect economic, social, environmental and political factors.

Employees must perform their duties conscientiously, honestly and with due regard for the avoidance of conflicts between any personal financial interests and their responsibilities to their employer. In giving or receiving gifts and hospitality, employees must abide by our policies and procedures, act in a transparent manner and ensure that they do not seek any improper advantage in the conduct of business or in their dealings with public officials.

We will not make donations to politicians or political parties.

We support the Extractive Industries Transparency Initiative and will report annually on our tax and royalty payments made in our significant countries of operation.

We will not condone anti-competitive practices and will not tolerate any such activity by our employees.

We prohibit employees from trading securities when in possession of unpublished, price sensitive information.

We will maintain high standards of business assurance in order to: identify and monitor material risks; safeguard our assets; and prevent or detect fraud and corruption.

We will promote the application of our principles by those with whom we do business. Their willingness to accept them will be an important factor in our decisions to enter into, and remain in, such relationships.

We expect employees to take personal responsibility for ensuring that our conduct complies with these principles and encourage all stakeholders to raise concerns about potential breaches or any other legal or ethical issues with management. We will provide and promote a widely accessible 'whistle-blowing' facility. No one will suffer as a result of raising concerns in good faith through this route or directly with management.



SAFETY AND SUSTAINABLE DEVELOPMENT

We believe that robust processes for the management of safety, health, environmental and social issues are a fundamental element of good management practice and a source of competitive advantage.

Safety and Health

Our vision is zero harm to those who work within our operations and to those around us. We believe that all injuries and occupational illnesses are preventable. We will ensure that safety standards are consistently applied across our operations, we will be rigorous in learning from incidents and in preventing recurrences.

Environment

Our vision for the environment recognises the centrality of good stewardship in minimising the impact of our activities from exploration through to mine closure. We will plan mines from the outset with a view to managing the environmental and social impacts of decommissioning and closure.

We will conserve and protect the environment through: the efficient use of natural resources, including energy and water, and minimising waste. We recognise the importance of using land and water with proper consideration for the needs of others. We will demonstrate active stewardship of land, freshwater systems and biodiversity.

We recognise the challenge posed by climate change at both a global and local level. We are committed to improving the efficiency of our energy use and to seeking to reduce our greenhouse gas emissions. We will participate in research and development programmes

to address climate change and explore opportunities for using market-based emission reduction mechanisms.

HIV/AIDS

We recognise the tragedy caused by the HIV/AIDS epidemic, particularly in sub-Saharan Africa. We have a clear policy for addressing HIV/AIDS and related diseases, such as TB. We are committed to eliminating all forms of prejudice, particularly stigma and discrimination on the basis of real or perceived HIV status. We strive to promote gender equity as part of our response to the disease. In our workplaces we will operate a comprehensive prevention strategy, linked to programmes of voluntary counselling and testing; and will provide treatment for employees with HIV or AIDS. We are committed to extending access to treatment to the dependents of our employees and to working with partners to strengthen health systems in communities associated with our operations.

We expect our supply chain to strive to achieve best practice in protecting the safety and health of their workforce and in their environmental and social performance and materials' stewardship.

We will keep safety and sustainable development issues at the forefront of workplace concerns and will report on progress against our policies and objectives.



EMPLOYMENT AND LABOUR RIGHTS

We are committed to fair labour practices and our conditions of service will comply with applicable laws and industry standards.

We will promote diversity and will not tolerate unfair discrimination or the inhumane treatment of employees including through any form of forced labour, physical punishment or other abuse. Our workforce has the right to work in an environment free from harassment or intimidation.

We aim to create a working environment which encourages innovation and collaboration across our businesses and geographies. To encourage accountability, a performance culture and the monitoring of individual development needs, an increasing proportion of employees, either individually or as members of a team, will have performance targets which will be regularly reviewed.

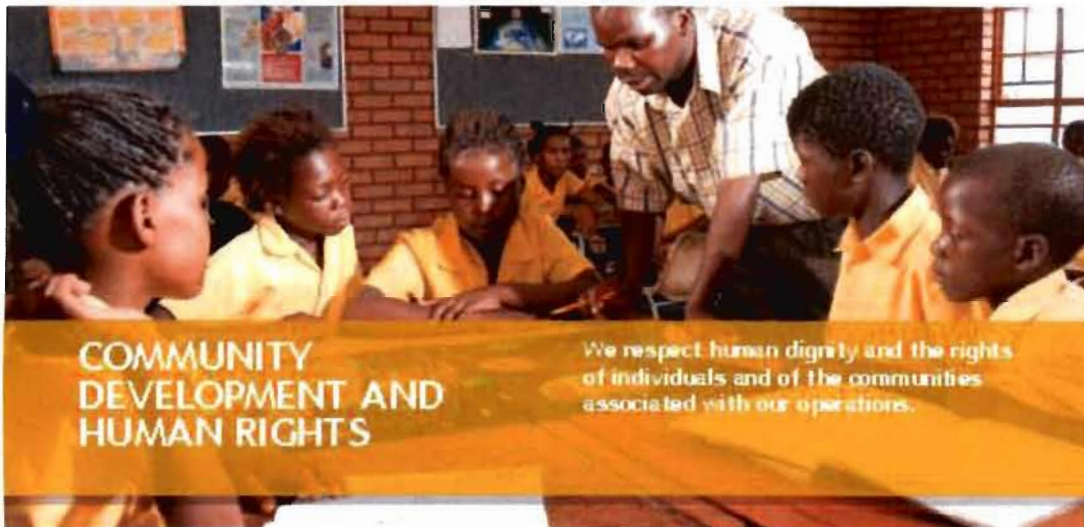
Labour Rights

We prohibit child labour in our operations. Should we encounter cases in our supply chain we will develop a responsible approach to ending it that ensures the welfare of the children.

We recognise the right of our employees to freedom of association and to collective bargaining. Our remuneration practices will be determined according to local market conditions and we will strive to ensure that we pay wages that are, as a minimum, adequate to satisfy the basic needs of our employees and their families.

We expect our supply chain to strive to adhere to all of the above employment and labour rights principles.





COMMUNITY DEVELOPMENT AND HUMAN RIGHTS

We respect human dignity and the rights of individuals and of the communities associated with our operations.

When considering the development of a project, we will proceed on the basis of a full assessment of potential impacts and through free, prior and informed consultation. These may lead us to conclude that we should not develop a project even if it is legally permitted and potentially profitable. We seek to contribute to the economic and social well-being of communities, including through enterprise development, local procurement and providing opportunities for people from disadvantaged backgrounds.

Indigenous Peoples

We recognise the strong cultural and spiritual affinity felt by indigenous peoples for land and the natural environment and the sensitivities created by many indigenous groups' negative experience of mining. We, therefore, commit to handling our relations with indigenous communities in a spirit of respect and dialogue and to facilitating their participation in the opportunities created by mining.

Resettlement

Where it becomes necessary to consider community resettlement we will act in accordance with international best practice. We will proceed on the basis of: seeking to avoid resettlement; freely-conducted negotiation; continuing consultation with credible community

representatives; fair compensation; provision for resolving grievances; a presumption of collective resettlement; and, as a minimum, restitution of livelihoods.

Conflict

We recognise that our activities may affect the dynamics and power structures of communities. We are committed to understanding and minimising our potential to trigger conflict in local communities, and to working with others to manage the indirect impacts of our activities.

Human Rights

We believe we have the right and the responsibility to make our positions known to governments on any matters which affect our employees, shareholders or the communities associated with our operations. We subscribe to the Voluntary Principles on Security and Human Rights.

We support the principles set out in the Universal Declaration of Human Rights. Whilst the primary responsibility for the protection of human rights lies with governments we recognise the responsibility of business to respect human rights. Where it is within our power to do so, we will seek to promote the observance of human rights in the countries where we work.

GROUP POLICIES

This statement should be read in conjunction with more detailed Group policies and frameworks which may be adopted from time to time including those covering:

- The Anglo American Safety Way
- The Anglo American Occupational Health Way
- The Anglo American Environmental Way
- The Anglo American Social Way
- Sustainable Development in the Anglo American Supply Chain
- Anglo American Supplier Sustainable Development Code
- Anglo American Group Human Resources Principles and Policies
- Anglo American Human Rights Policy
- Anglo American Group HIV/AIDS Policy
- Anglo American Business Integrity Policy and Prevention of Corruption Performance Standards

SPEAKUP

The SpeakUp facility provides a confidential and secure means for our employees, contractors, suppliers, business partners and other external stakeholders to report and raise concerns about conduct which is contrary to our values and standards, as described in our Business Principles.

Visit www.anglospeakup.com or email anglocorporate@anglospeakup.com



We welcome comments on our Business Principles. For further information, please contact:

Group Head of Government and Social Affairs
Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN

Email: gsa@angloamerican.co.uk
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