The Ethics Office
HANDBOOK

Compiled by: Leon van Vuuren

Dedication

This publication is dedicated to
Prof Willem Landman
Former CEO of The Ethics Institute (2000-2010)
and current board member of the Institute

for

His wisdom, dedication and tireless efforts in enabling ethics officers,
shaping the occupation of 'ethics officer', and fulfilling the vision of
The Ethics Institute, which is Building an ethical society.

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The official training of ethics officers commenced in South Africa in 2004, when The Ethics Institute (TEI) introduced the first Ethics Officer Certification Programme. Since then, the programme has been presented more than one hundred times, training over 1500 persons, of whom just more than half have been certified as Ethics Officers.

While ethics officers were still a novelty – the exception rather than the rule – in 2004, the landscape has changed dramatically since. Public sector regulations have made it compulsory for public service departments at national, provincial and local government at levels to have designated ethics officers. The Companies Act (of 2008) has made it mandatory for certain categories of companies to have social and ethics committees. And the Fourth King Report on Corporate Governance for South Africa has recommended that governing bodies should oversee the management of ethics in organisations.

A significant milestone in the maturation of the ethics officer position in recent years was the launch in 2017 of the Ethics Practitioners' Association (EPA), a body which has set itself the goal of further professionalising the ethics officer occupation over time.

We are excited to partner with the newly-established EPA in publishing this latest instalment in The Ethics Institute's Ethics Handbook Series. The purpose of the Ethics Handbook Series is to provide concise and practical guidance to ethics practitioners on the governance and management of ethics in organisations. In previous handbooks, we have explored dimensions of organisational ethics related to social and ethics committees, ethics reporting, ethics risk management, and the interplay between ethics and compliance.

In this handbook, *The Ethics Office Handbook*, the focus is on the roles and responsibilities of the ethics management function, i.e. the ethics office, as well as on the relationship between the ethics office and other functional areas in organisations. We trust that this handbook will become a familiar and valuable companion for those tasked with the duty of managing or governing ethics in organisations.

I would like to thank my colleague, Prof Leon van Vuuren, who took the lead on compiling this handbook, but also the EPA for partnering with TEI on this project, and MTN Group for their financial support.

The better equipped organisations are to manage and govern their ethics effectively, the more likely they will be able to play a positive role in society.

Prof Deon Rossouw
Chief Executive Officer: TEI

Foreword by the Ethics Practitioners' Association

This book provides a practical perspective on the management of ethics in organisations. It is significant that this perspective spans multiple industries and covers both the private and public sectors.

We have witnessed a growing demand for guidance on the practical elements of managing ethics in businesses – large and small. Many organisations now have dedicated individuals who spend a significant amount of time on integrating ethics in the business. The purpose of *The Ethics Office Handbook* is to assist and guide ethics practitioners (and other interested persons) to implement their respective ethics management programmes.

The Ethics Practitioners' Association (EPA) has many of these individuals as members and strives to be the voice of its members.

The EPA is pleased to have collaborated with The Ethics Institute on this handbook. It was an honour and privilege for us. It is especially significant because it was the first opportunity the EPA has had to collaborate with The Ethics Institute on a project for the benefit of all ethics practitioners. This makes it very special indeed. We hope that this is the first of many such projects.

The EPA wishes to thank Professors Deon Rossouw and Leon van Vuuren for their kindness, guidance and unyielding support.

Shane Burton
Chairman: EPA

Stephan Bezuidenhout
Chief Executive Officer: EPA

MTN commenced operations at the time of the birth of democratic South Africa. The values which drove that transformation are still central to the way we do business. Everyone deserves the benefits of a modern connected life and, therefore, MTN strives for the democratisation of communication through affordable services to our customers in the countries where we operate.

Our vision is to lead the delivery of a bold, new digital world to our customers, and indeed we have seen how the digital world transforms lives in many of the markets in which we operate. We realise that the ways in which we create shared value for MTN and our stakeholders through new opportunities, must be grounded in ethical business practices and the trust that this generates.

We have experienced the way in which consistent ethical behaviour builds public trust and, indeed, that few other considerations are more important to investors and shareholders. Integrity is therefore one of MTN's core values, and crucial for our sustainability as an organisation. We recognise that the governance of ethics and ethics management are pivotal in ensuring that integrity is ingrained in our organisational culture and that it is experienced as synonymous with the MTN brand.

Since embarking on our journey of ethics management, we have seen that it is indeed possible to manage ethics, and that there is a structured way to do so. Yet without a credible and competent ethics office, this becomes almost unattainable. For this reason, the MTN Group decided to sponsor the publication of *The Ethics Office Handbook*, which we believe will become an indispensable tool in enabling organisations to raise the standard of ethics management. It is our desire that the positive outcomes from the implementation of the practices in this handbook will increase the number of organisations who experience the interconnectedness among conducting business ethically, building public trust, and improving performance.

We would like to thank The Ethics Institute for the remarkable manner in which they continue to fulfil their mission as they provide much-needed ethics solutions to organisations in Africa and beyond. Our gratitude also goes to all who collaborated on *The Ethics Office Handbook* by sharing their knowledge of ethics management as they have applied it to practical challenges in their organisations.

Riaan Wessels
Group Executive: Group Risk and Compliance, MTN Group

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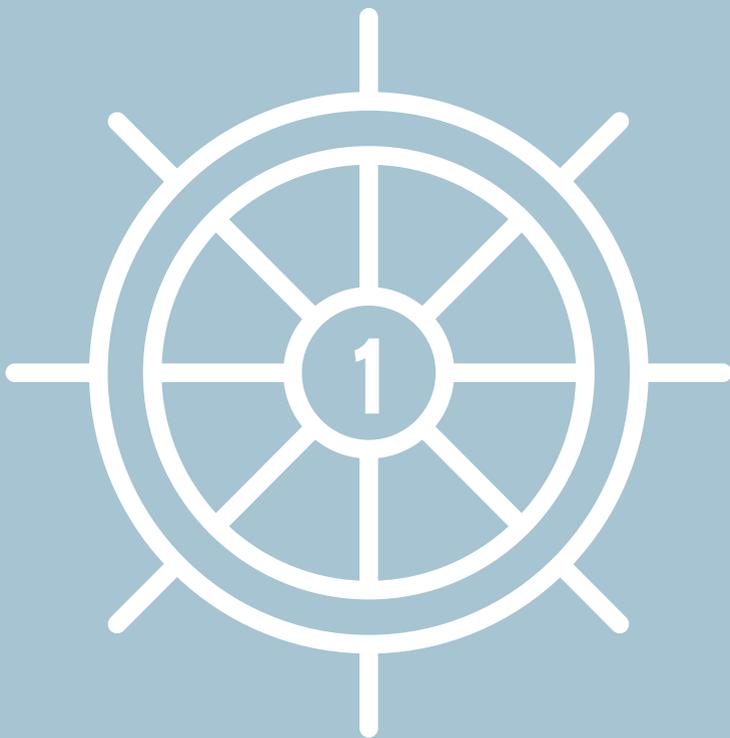
Part 1
Introduction

1.1 Background

It is naïve to assume that people are either ethical or they are not and there is not much one can do about it. True, ethics cannot manage itself – but it *can* be managed. Fortunately, many organisations across the globe are cognisant of this and follow international and national leading practice guidelines that enable them to manage ethics in a concerted and structured manner.

Two important examples of such guidelines in the South African context include:

· **the Companies Act,** which stipulates that organisations engage in conversations about ethics matters at the highest level of leadership by establishing a sub-committee of the governing body (board, council or trustees) called the Social and Ethics Committee (CIPC, 2011), and
· **the Fourth King Report on Corporate Governance for South Africa,** hereafter referred to as **King IV**, which encourages organisations to not only measure their ethical cultures, but to ensure that ethical culture is an outcome of organisational corporate governance actions (IoDSA, 2016).

> **Since ethics cannot manage itself, someone has to do it.**

For the past two decades or so, organisations have assigned this responsibility to a purposefully established intra-organisational function. Organisations often formally establish ethics management functions or, at a minimum, assign the task of managing ethics to an existing organisational function as an over-and-above responsibility.

1.2 Historical perspective

Internationally, the first effort at managing ethics overtly is ascribed to the United States-based company Texas Instruments, which established an 'ethics office' as long ago as 1959 (Coleman, 2000). Over the years, several organisations have followed suit. The number of organisations with formal ethics management functions, or ethics offices, grew steadily, with spikes in the number clearly evident in the wake of corporate ethical failures; for example, the Ford Pinto scandal in the early 1970's, and the collapse of Enron in 2001.

Efforts to formalise the field of business ethics can be traced as far back as 1922, with the formation of the Ethics Resource Center (ERC) in Washington, DC. More recently, the Center for Business Ethics[1] at Bentley University in Massachusetts, US, was established in 1976. One of the primary goals of the Center was to provide a 'professional home' for those individuals actively involved in managing ethics in their organisations.

[1] Recently renamed as the W. Michael Hoffman Centre for Business Ethics in recognition of the founder.

In the United Kingdom, the Institute for Business Ethics was formed in 1986 for the purpose of, among others, functioning as a resource centre for those involved in organisational ethics management. The US-based Ethics Officer Association was officially established in 1991 at Bentley and, in 2005, changed its name to the Ethics and Compliance Officer Association (ECOA) to accommodate the common practice in US organisations of hosting the compliance and ethics management functions in an integrated entity. The ECOA amalgamated with the ERC in 2015 to form the Ethics and Compliance Initiative (ECI). Currently, the membership community of the ECI exists as the Ethics and Compliance Association (ECA), which is the professional entity of which ethics and compliance officers in the US can be members.

As far as we know, the first organisation to formally establish an ethics 'office' in South Africa was Massmart. The Ethics Institute of South Africa (EthicsSA) was incorporated as a non-profit company in 1999, with one of its goals being the promotion of ethics in business. EthicsSA offered the inaugural Ethics Officer Certification Programme (EOCP) in 2004. To date, the institute has trained more than 1500 individuals on this programme, of whom more than half have been certified as ethics officers. Since 2013, the formal certification of the EOCP has been provided by the University of Stellenbosch Business School: Executive Development.

In 2016, the name EthicsSA was changed to The Ethics Institute (TEI) in recognition of the institute having a footprint in several countries beyond South Africa. Independently of TEI, the African equivalent of the US-based ECA was established in 2017 as the Ethics Practitioners' Association.

1.3   Purpose of the handbook

The purpose of *The Ethics Office Handbook*, the fifth in TEI's Ethics Handbook Series, is to:

- Create a framework and guidelines for understanding the nature and operation of the ethics office and of those individuals that are appointed to staff this function;
- Inform practitioners, and the functions they will rely on, how best to value the role of the ethics practitioner;
- Protect ethics practitioners via a legitimate mandate and sound business case for what they do;
- Empower practitioners with practical tools to properly structure and implement interventions;
- Standardise what it is that ethics officers do and how they talk about it among themselves (ethics office 'speak');
- Articulate the distinction between the ethics office and related functions (an awareness of 'what we are not'); and
- Inform ethics officer job descriptions and job evaluations.

1.4   Target audience

Organisations often realise that they require or could benefit from a formalised ethics management function. There is often, however, uncertainty about where to start and how to effectively run such a function. *The Ethics Office Handbook* is primarily aimed at those functions in the organisation that bear an officially-assigned responsibility for ethics management and the practitioners who are involved in these functions. The ethics governance and management structures that will benefit from this handbook include **governing bodies of organisations** (such as boards of directors), **social and ethics committees, operational ethics committees, ethics task teams,** and **ethics offices**.

Other role-players are also involved in organisational ethics management. As such, the handbook could be utilised by, among others, the following complementary and enabling functions:

- Governance
- Risk management
- Compliance
- Legal
- Internal audit
- Forensics
- Company secretariat or committees' administrative support
- Human resource management
- Employment relations
- Organisational development
- Remuneration
- Health and safety
- Consumer relations
- Investor relations
- Sustainability
- Social responsibility
- Human rights
- Information technology

These role-players all have a vested interest in the management of ethics, as they all have specific responsibilities to fulfil in this regard. They are all positioned to meaningfully and substantially contribute to effective ethics management. They would therefore benefit from the contents of this handbook, as it may provide clarity on their respective roles, interfaces, and reporting lines insofar as they pertain to ethics management.

Current ethics officers may utilise this handbook to ascertain whether what they are doing is aligned to leading practice, or to gain fresh perspectives on their roles and obligations. Similarly, **those tasked with establishing an ethics function from scratch** may find the leading practice guidelines presented herein to be a useful frame of reference for their thinking. Finally, **prospective ethics practitioners** who consider the ethics officer occupation as a potential career choice may also benefit from this handbook, as it gives an insight into what goes on in ethics offices, what the incumbents there do, and what would be required to obtain entry into the occupation.

Part 2
Why have an
ethics office?

2.1   The ethics office – what's in a name?

> **The ethics office describes that function in the organisation that is assigned to organise, plan, lead and monitor operational ethics management.**

The latter is comprised of strategies, structures, systems, and processes that are designed and applied to ensure that the organisation's ethics performance is managed in a concerted and structured manner.

The ethics office is primarily staffed by **ethics officers**. Ethics officers employed in the public sector in South Africa are often referred to as **integrity officers**. Many organisations formally appoint ethically competent individuals to establish and manage the function that is dedicated to ethics management. Many such individuals have the word 'ethics' or 'integrity' in their job titles. In other organisations, the ethics management function is performed by a **practitioner** who is also responsible for other, related, functions (for example, enterprise risk management or the company secretariat). In such an environment, ethics management becomes an over-and-above function for the individual and is but one of a few key performance areas in their job descriptions.

For the purpose of consistency, the term **ethics office** will be used throughout this handbook. The incumbents of the ethics office will be referred to as either 'ethics officers' or 'ethics practitioners'. This term is thus used to also describe the jobs or roles of ethics managers or practitioners and integrity managers or practitioners.

2.2   Why organisations have dedicated ethics offices

2.2.1   The ethics office philosophy – ethics can be managed

One of the myths surrounding organisational ethics is that people are either ethical or they are not, and that there is not much that one can do about it. Believing in this myth implies that one cannot control the occurrence of unethical behaviour, and one therefore cannot change employees' behaviour. Such an outlook on life in the organisation means that all one can do is to hope for the best that the ethical people will outnumber the unethical ones. This raises the following questions:

➔ **Is it possible to do anything about employees' integrity?**
➔ **Can we measure and manage ethics in organisations?**

It is virtually impossible to change a person's inherent integrity. Integrity is what we have within us; it is not readily visible or tangible. However, should an employee have a

strong sense of integrity, or a sound moral compass, the chances are good that the person will consistently display ethical behaviour. On the other hand, should someone lack integrity, unethical behaviour is likely to be quite evident.

So, while we cannot do much about a person's personal *integrity*, organisations can surely do something about their employees' ethical (or unethical) *behaviour*. All psychologists will confirm that behaviour can indeed be changed. So, if ethics is about behaviour, and behaviour can be changed, then ethics can be managed. The management of ethics is about an approach to promote ethical behaviour and to prevent unethical behaviour.

The fact is that ethics cannot manage itself. Ethics management should ideally be performed by an organisation's ethics office. The ethics office, being responsible for managing the organisation's ethics performance, should facilitate behaviour that contributes positively to building an ethical culture in the organisation.

2.2.2   The ethics office as a governance imperative

To strengthen measures for managing unethical conduct and promoting integrity in the public service, a cabinet decision was adopted in 2013 to establish the Public Sector Integrity Management Framework. This action signalled a move away from the rather narrowly-defined 'anti-corruption measures to a capacity building approach of integrity management'. The Public Service Regulations of 2016 that guide the operations of the South African public sector clearly stipulate the following regarding the **Designation of ethics officers:**

> 23. (1) An executive authority shall designate such number of ethics officers as may be appropriate, for the department to—
>
> (a)   promote integrity and ethical behaviour in the department;
> (b)   advise employees on ethical matters;
> (c)   identify and report unethical behaviour and corrupt activities to the head of department;
> (d)   manage the financial disclosure system; and
> (e)   manage the processes and systems relating to remunerative work performed by employees outside their employment in the relevant department.

(Department of Public Service and Administration, 2016)

In the private sector, the Companies Act (CIPC, 2011) requires large private companies, parastatals, and all listed companies to constitute a social and ethics committee as a sub-committee of the board or **governing body**. On the other hand, King IV (under Principle eight) recommends that the **social and ethics committee** mandate be extended to include governing ethics in a way that supports the establishment of an

ethical culture. The **committee** has a strategic and oversight role to ensure the governance of ethics. The organisation's **ethics office** is responsible for operational ethics management and reports on its activities to the social and ethics committee. This reporting process is depicted in Figure 2.1.

Ethics governance structures

Figure 2.1 Ethics governance structures

King IV (IoDSA, 2016) provides governance guidelines to all organisations, including those for whom the Public Service Regulations and Companies Act, respectively, do not make provision. As such, Principle two of King IV requires the governing body to

> Govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
>
> King IV (IoDSA, 2016)

This gives impetus to executive management to ensure that structures (such as an ethics office) are established and that people who could manage the organisation's ethics effectively (ethics officers) are designated appropriate roles. These structures and people should oversee and implement ethics management systems, processes, policies, and other interventions.

2.2.3   The 'business case' for an ethics office

Organisations around the globe annually forfeit between three and five percent of their annual turnover to shrinkage, theft, fraud and corruption. Although organisations strive to reduce these figures, most reach a point where a certain percentage is deemed tolerable, though still not desirable. In certain ethically high-risk organisations, this figure could be much higher. Let us consider the example of an organisation, company

XYZ, with an annual turnover of R20 billion. Should one assume an annual loss of five percent due to counter-productive behaviour and irregular activities, such a loss amounts to R1 billion.

Average annual loss to
shrinkage, theft, fraud and corruption

R20 BILLION
annual
turnover of
company XYZ

x 5 % =

R1 BILLION
loss to
irregular
activities

Should this organisation decide to take a proactive rather than a reactive approach, and annually invest, say, R5 million to fund a sustainable ethics office and an ethics management programme, this would be an amount equivalent to just 0.5 percent of the total potential loss to irregular activities. Making the assumption that XYZ's ethics management programmes – such as ethics awareness campaigns, ethics training and the selection of employees with a low propensity to display unethical behaviour – could result in an annual saving of R100 million, the cost of funding an ethics office and its activities is justified twenty-fold.

Just 0.5% of the potential
loss to irregular activities

R5 MILLION
investment
in ethics
initiatives

Initiatives lead
to **savings**

SAVED

R100 MILLION

Initial investment
justified **x 20**

building an
ethical
SOCIETY
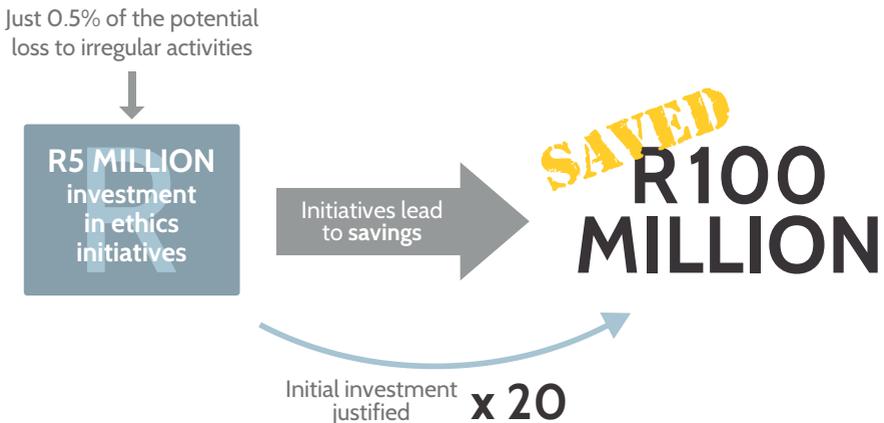
2.2.4   Organisational ethics management maturity

Organisations are in different phases of maturity insofar as ethics management is concerned. Rossouw and Van Vuuren (2017) provide a classification system whereby an organisation's ethics management maturity is shown to be a function of the current beliefs and attitudes towards ethics in the organisation (see Table 2.1). In terms of this model, the Modes of Ethics Management Model, the extent to which ethics is viewed as being important for the organisation and its sustainability determines whether it has an ethics office in the first place and, if it does, how much is invested in its mandate and sustainability. The 'size' of the investment is reflected in the dedication, time, and monetary and human resources allocated to the ethics office.

Table 2.1: The Modes of Ethics Management Model
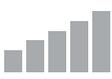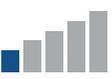
	Amoral mode	Survival mode	Reactive mode	Compliance mode	Integrity mode	Totally-aligned mode
Nature	Ethics does not belong in business	Unethical conduct is required to survive	Token gestures of ethical intent	Commitment to prevent unethical behaviour	Promotion of responsible ethical behaviour	Ethics is ingrained in corporate purpose and identity
Purpose	Exclusion of ethical considerations from business	Endorsing unethical behaviour as what is required for survival	Protecting against risk of unethical behaviour	Preventing unethical behaviour	Raising level of corporate ethical performance	Ethics is crucial for strategy implementation
Ethics management approach	Exclusion of ethical considerations in decisions and operations	Unethical practices are condoned and even rewarded	Ethical standards without any enforcement	Unethical behaviour is detected and transgressors are penalised	Ethical behaviour is detected and recognised	Ethical business entrenched as the norm (ethics is a way of life)
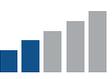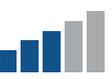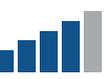
Apart from its very existence, the degree of financial and emotional support given to the organisation's ethics office increases as the maturity of the organisation's mode of managing ethics moves through different levels, as illustrated by the increasing 'signal strength' in the table above.

The thinking in organisations in the **amoral** mode – whether the amorality is intentional or unintentional – is that of ethical neutrality. The belief that the very nature of business is ethically neutral blinds these organisations to the need and case for ethics management. In such organisations, adherence to the law is viewed as ethically

sufficient. Unless compelled by legislation, such organisations would not have a function dedicated to ethics management, that is, an ethics office.

Survival mode organisations *choose* to achieve business goals through unethical behaviour. These entities are oblivious to the possibility of having an ethics office, or deliberately avoid establishing such a function in case the ethics office should call them to account for their ethical failures.

Reactive mode organisations recognise the potential cost of unethical behaviour and may, therefore, create some ethical standards. Since they do not overtly disapprove of unethical means of doing business, such ethical standards are mostly for purposes of window-dressing. It is unlikely that reactive mode organisations will invest substantially in an ethics management function.

Although organisations in the **compliance** mode are committed to ethical behaviour, their philosophy on ethics management would include the enforcement of rules and a so-called 'zero-tolerance' attitude. Employees are forced to be ethical through fear of punishment. Ethics management in such organisations is aimed at the *prevention* of unethical behaviour only; thus, should a dedicated ethics office be established, its focus would have a strong tick-box flavour. The concepts 'ethics' and 'compliance' are used synonymously in such contexts.

Integrity mode organisations focus on promoting ethical behaviour and their employees act ethically of their own volition, rather than because they are afraid of punishment. Such organisations unconditionally recognise the importance of ethics in business. They invest heavily in ethics management and an ethics office. Integrity mode organisations often appoint several ethics officers to ensure that the ethics message is spread throughout the organisation. Proactive ethics interventions, such as ethics training and rewarding employees for ethical behaviour, become the norm.

Although few organisations reach **totally-aligned** mode status, those that do integrate ethical behaviour seamlessly into all business operations. Ethics is a way of life in such settings. Perhaps counter-intuitively, totally-aligned mode organisations *do* have ethics offices, though their role is highly facilitative, acting as a 'rudder' that keeps the organisational 'boat' on course.

2.3   The ethics office in the public and private sectors

There are examples of ethics offices in both sectors of the South African economy, going back to at least 2004. These early ethics offices were likely started due to visionary and committed leaders, the existence of enabling organisations such as The Ethics Institute and the Institute of Directors in Southern Africa, and in the wake of the increased focus on ethics in legislation and in the King Reports on Corporate Governance.

Although theoretically applicable to both the public and private sectors, the King Reports have had significantly more impact on the private sector. Consequently, we see that ethics functions are more closely related to organisational governance in this sector.

In the public sector, ethics management was traditionally associated with anti-corruption programmes. This, however, changed in 2012 with the development of the Public Sector Integrity Management Framework. The Department of Public Service and Administration, which guides public service policy, made a deliberate decision to change the focus from corruption prevention to integrity management. The Integrity Management Framework requires departments to have Ethics Officers, Ethics Champions, and Ethics Committees. The Integrity Management Framework has since been replaced by the Public Service Regulations (2016) which provide guidance on the role of ethics officers in ethics management in the public sector.

2.4   Ethics management in small and medium enterprises

Since ethics cannot manage itself, small and medium-sized organisations are not exempt from managing their ethics. Besides, smaller organisations are often contracted stakeholders, in their capacity as suppliers, of larger entities. Since large organisations can be embarrassed by unethical conduct in their supply chain, they often pressurise smaller organisations to conduct their business in an ethical and responsible manner.

The format of an ethics function in smaller organisations depends on:

- Awareness of the importance of ethics
- Leadership commitment to ethics
- The size of the organisation (employee numbers)
- Available budget
- Requirements from larger clients and other stakeholders
- Levels of ethics management competence available internally

Such organisations will not necessarily have justification for the establishment of a separate, independent ethics office. However, certain employees may be designated by senior management to perform some typical 'ethics office' duties. Examples of such activities include 1) developing a code of ethics (values statement) and ethics-related policies, 2) ethics orientation of new employees, 3) ethics training, 4) sourcing a speak-up (whistle-blowing or safe reporting) facility, and 5) dealing with ethics transgressors.
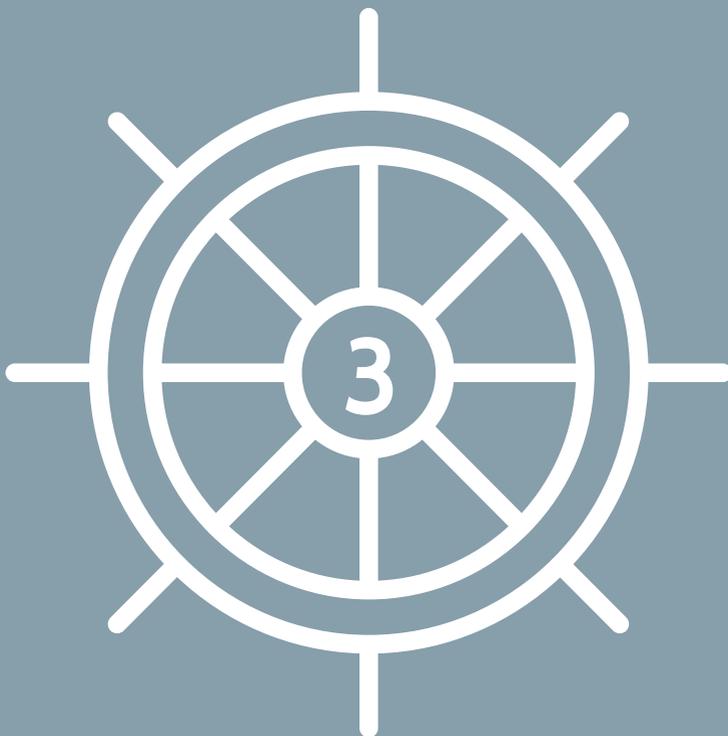
Part 3
The ethics office:
Mandate and
enabling structures

3.1   Purpose – tangibles and intangibles

The **tangible purpose** of the ethics office is to use sound management principles to facilitate the organisation's ethics performance. As stated in Parts 1 and 2 of this handbook, ethics cannot manage itself. Since ethics is an abstract and often sensitive topic, ethics offices usually find it initially difficult to obtain traction – that is, to get the organisation to understand the office's purpose and roles. There is often much scepticism as to how (and if) ethics can actually be 'managed'.

It is important that the outcomes of ethics management strategies, structures, standards, and processes be highly visible in the organisation, so that they enhance the credibility of the ethics office and confirm the reasons for its existence. This can only be achieved if the ethics office, in partnership with other enabling partners in the organisation, succeeds in 'making ethics real'. Organisational ethical values are mostly vague and abstract, so the visible outcomes of the ethics office's activities should be the measurement of, and change in, the ethical behaviour in the organisation. Progress in this regard has to be regularly reported to the relevant governance of ethics structures in a format that is specific in terms of interventions and measurable achievements.

There is also, however, an intangible dimension to the purpose of the ethics office. It is through the ethics office, and again in partnership with leadership and other key organisational role-players, that the ethics office can fulfil its **intangible purpose**. Organisations consist of people. And people are the agents of ethics. People have different values and motives and find meaning in different ways. The intangible purpose of the ethics office is to create an environment where employees – and, indeed, other stakeholders – can find meaning and security. The latter can only be achieved if the work environment, and organisational culture, is such that:

· Ethical standards and expectations of ethical behaviour are clear and regularly communicated – this creates a predictable workplace free of ethical ambiguity
· The ethical standards are applied consistently at all levels and across all divisions
· Leadership and management are ethically credible and 'walk the ethics walk'
· Leadership and management make it easy for others to talk about ethics and raise ethical concerns; that is, they 'talk the ethics walk'
· There is generally respect for the individual, and employees are treated ethically and fairly
· The organisation is psychologically healthy

> **Besides the visible ethics management interventions and formally prescribed outcomes and reporting, the ethics office has to be sensitive to its intangible, but crucial, role of understanding and influencing the human dimension in the organisation.**

The ethics office has a duty to use this human understanding to help foster an organisational environment where the characteristics, as described on the previous page, are continually recognised and respected. Its ability to do so will determine whether or not trust will be placed in the hands of the ethics office and its practitioners.

3.2   Ethics office mandate

The primary mandate of the ethics office is to manage the ethics performance of the organisation in a manner that enhances its ethical culture. The creation of a sustainably mature ethical culture would be the ultimate outcome of the ethics office fulfilling its mandate. The ethics office is also the custodian of ethics management in the organisation. Ethics management includes the planning, organising, directing and controlling of all formal ethics-related activities.

3.3   Responsibilities of the ethics office

Leading practice guidelines for the activities of the **ethics office** and its practitioners include:

i.   Actively manage ethics in the organisation in a way that contributes to the establishment of an ethical culture.
ii.   Promote integrity and ethical behaviour.
iii. Provide ethical guidance to the governing body, senior management, and staff on ethics-related issues.
iv.   Advise employees on ethical matters.
v.   Coordinate ethics risk and opportunity assessments.
vi.   Ensure that the ethics risk profile is converted to an ethics management strategy and ethics management plan.
vii. Ensure alignment and consistent application of ethics-related policies, procedures, and practices. As such, the ethics office is the 'owner' of the code of ethics and most of the ethics-related standards and policies in the organisation. The ethics office coordinates all activities that contribute to providing content to codes and policies.
viii. Implement codes and policies and ensure that structures, systems and processes are in place to familiarise the board, employees and supply chains with the organisation's ethics standards.
ix.   Manage conflicts of interest, including:
      a. financial disclosures related to employees,
      b. applications for external remunerative work, and
      c. departmental gift registers.

ethical SOCIETY
building an

x. Develop and implement ethics awareness and other ethics training programmes.

xi. Conduct ethics-related investigations.

xii. Keep a register of all employees under investigation and those disciplined for unethical conduct.

xiii. Regularly report to the governing body and executive management on ethics performance and challenges.

xiv. Ensure that ethics is a criterion in the selection, promotion and performance management of employees.

3.4 Deliverables

The ethics office needs to deliver on its mandate, which is to manage the ethics of the organisation in such a way that a sustainable ethical culture is established. The ethics office has five main categories of deliverables, or key performance areas, namely, *Assessment; Strategy and planning; Standards, codes and policies; Intervention;* and *Monitoring and reporting*. Each of these deliverables consists of a number of activities, which are outlined in Table 3.1.

Table 3.1 Ethics office deliverables

	Deliverable	Activities
1	Assessment	· Ethics risk and opportunity assessment · Ethical culture assessment · Create ethics risk and opportunity profile
2	Strategy and planning	· Design ethics management strategy · Design ethics management plan
3	Standards, codes and policies	· Ensure alignment of policies to organisational values · Design, revise and implement codes of ethics (and/or conduct) · Design and revise ethics-related policies to align with codes of ethics (and/or) conduct

4	Intervention	· Alignment of organisational strategy and objectives to ethical practices
		· Implementation of ethics-related policies, with particular attention to the record-keeping, analysis and evaluation of policies related to:
		  - Gifts and entertainment
		  - Conflicts of interest and due diligence
		  - Extra-remunerative work
		· Orientation, training and development to effect behavioural change
		· Translation of organisational values into visible and measurable behaviours
		· Ethical culture change interventions
		· Alignment of ethics management interventions to HR systems and interventions
		· Overseeing consequence management (reward and discipline)
		· Design and implement an ethics communication strategy
		· Advisory and safe reporting ('speak-up' or whistle-blowing) facilities

	Deliverable	Activities
5	Monitoring and reporting	· Monitoring adherence to ethics standards and compliance with regulations and guidelines · Monitoring ethics management performance by the analysis of systems, interventions, ethical culture, material ethics risks and trends · Reporting on ethics management and performance

3.5   Governance of ethics structures

The distinction between the governance of ethics and ethics management is depicted by the dotted line in Figure 3.1 below. This figure will be referenced a number of times in the pages that follow, as we discuss each of the different roles in turn.

Figure 3.1 Ethics governance and management structures

The governance of ethics is an above-the-line activity. A corporate governance leading practice guideline is captured in Principle two of King IV (IoDSA, 2016):

> The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

King IV (IoDSA, 2016)

The ethical leadership responsibility of the **chairperson of the governing body** (such as the board or council) is to set the ethical tone for the governing body and the

organisation. Regarding the **Chief Executive Officer**, it was articulated specifically in King III (IoDSA, 2009) that he or she should:

> ❝ …foster a corporate culture that promotes sustainable ethical practices, encourages individual integrity and fulfils social responsibility objectives and imperatives. ❞
>
> King III (IoDSA, 2009)

The Social and Ethics Committee

King IV (IoDSA, 2016) recommends that the governing body should ensure that the organisation's ethics is governed effectively. This oversight responsibility is delegated to a sub-committee ofthe governing body, namely the **Social and Ethics Committee** (known as the Ethics Committee in the public sector). Such a sub-committee contains the word 'ethics' in its name, and
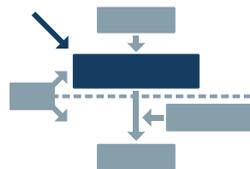
i. acts on ethics at a strategic and oversight level, and
ii. demands regular reporting on the organisation's ethics performance.

> ❝ The governing body should assume responsibility for the governance of ethics by setting the direction for how ethics should be approached and addressed by the organisation. ❞
>
> King IV (IoDSA, 2016)

A governance structure such as a social and ethics committee is prescribed by the Companies Act (CIPC, 2011) and constituted through the responsibilities stipulated in the mandate of the committee. Not all organisations have the luxury of opting for a standalone format with a specifically-named 'social and ethics committee', or 'ethics committee'; the committee does not necessarily need to be a standalone one. Some organisations choose to integrate an ethics mandate into the mandate of other committees, such as the human resource, governance, sustainability, risk or audit committee. Such committees may then be typically named the 'HR, social and ethics committee', 'risk and ethics committee', 'audit, risk and ethics committee' or 'governance and ethics committee', to name a few.

The most important requirement is that organisational ethics should be formally elevated to a conversation at governing body level, irrespective of the name of the committee. Although a standalone committee dedicated to the governance of ethics is regarded as leading practice, a committee that contains the word 'ethics' will suffice. Should ethics be a component of the activities of another committee, a word of caution is in order: care should be taken that ethics does not get relegated to be the last point for discussion on the agenda where it will be neglected.

For more information on social and ethics committees, please refer to the Social and Ethics Committee Handbook (2nd ed.) (Rossouw, 2018).

3.6 Leadership and ethics management structures

The ethics champion

The executive owner of the organisation's ethics management programme is referred to as the organisation's ethics champion. It can be seen in Figure 3.1 that the ethics champion straddles the dotted line, forming a bridge between the governance of ethics and ethics management.
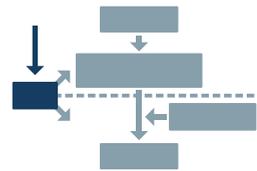
The ethics champion is typically a member of the executive management team in an organisation (or at least at the level of a deputy director-general in the public service). The role of ethics champion is usually allocated to someone with an intimate knowledge of the organisation's business, culture and activities. It requires someone of high legitimacy and credibility – ideally someone who has successfully facilitated similar initiatives in the past such as, for example, culture change.

The most important role of the ethics champion is to provide the initial impetus for an ethics management drive and to ensure that the ethics initiative maintains momentum. As a figurehead for ethics management, this person visibly *champions* the organisation's ethics drive.

The formally-nominated ethics champion takes ownership of, defends, and advocates, the ethics management programme at the executive level of the organisation. The ethics champion should ideally be a standing invitee on the governing body's sub-committee tasked with ethics.

However, the champion is not responsible for the actual design, implementation and management of the ethics management programme and systems that support the ethics strategy. That is the role of the ethics office. The relationship between the ethics champion and the ethics office is summarised below.

The ethics champion and the ethics office
- The role of 'link', or interface, between the governance of ethics and ethics management is fulfilled by the ethics champion.
- The ethics office utilises the ethics champion to 'coach' the governing body and senior leadership on organisational ethics.
- The ethics office supports the ethics champion by providing them with information that continually reinforces the case for ethics ('why ethics matters').
- To enable champions to confidently and truthfully report on the organisation's ethics performance to the governing body, champions rely on the ethics office to provide them with comprehensive and accurate reports on material ethics issues and how these were dealt with.

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- The ethics office disseminates ethics-related information, as conveyed by the champion, to the rest of the organisation via appropriate channels.
- The ethics office relies on the champion to 'open doors' for the office and obtain moral and financial support from senior leadership for its activities.
- The champion is supported by the ethics office to effectively chair the operational ethics committee.

Governance of ethics structures, such as the governing body's social and ethics committee, delegate the actual management of ethics to operational ethics management structures and role-players. Examples of these structures include the operational ethics committee, the ethics office (function), enabling ethics management partners, ethics ambassadors, and line managers.

The operational ethics committee

In addition to the ethics office, the governing body structures and the champion, some organisations opt to constitute an operational ethics committee (also sometimes referred to as an ethics management committee, ethics task team or ethics coordination committee). This is depicted in Figure 3.1 as being positioned just above the ethics office and below the dividing line between governance of ethics and ethics management. The existence of such a committee usually depends on
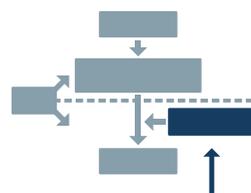
  i.   the size of an organisation,
  ii. the organisational structure,
  iii. the diversity of activities,
  iv. the organisational design (such as subsidiary operating companies or regional and divisional structures), and
  v.   the organisation's ethics management maturity mode (see page 14).

It is important to note that the operational ethics committee is not a substitute for the ethics office – it is an over-and-above structure that provides information and support to the ethics office.

The operational ethics committee has multidisciplinary membership and is, by and large, comprised of representatives of the ethics office, i.e. those who are directly involved with and responsible for executing the ethics strategy. Senior members of enabling organisational functions that indirectly contribute to ethics management should also be prominent members of this committee. Depending on the sector in which the organisation operates, and the organisational type and size, examples of the

enabling functions that are entitled to membership include: risk management, compliance, human resource management (including employment relations, organisation development and training), the company secretariat, internal audit, forensic, corporate communication, sustainability, and legal. The committee could also include labour union representatives.

To lend significance to the committee, it should preferably be chaired by a member of executive management or the ethics champion, provided that the champion is in a senior managerial position serving on the executive management committee. The mandate of the operational ethics committee is to design the organisation's ethics strategy. Once the strategy had been discussed and approved at governing body (ethics sub-committee) level, the operational ethics committee oversees the implementation of the ethics strategy. This is done by converting the strategy into an Ethics Management Plan/Programme (EMP), which it is the responsibility of the ethics office to execute. The operational ethics committee then monitors and reports on the ethics office's progress in implementing the EMP.

The functions of the operational ethics committee are:

i.   To complement the ethics office by being a coordinated support system;
ii.   To provide advice on ethics code and policy formulation;
iii. To provide input on the organisational ethics management strategy;
iv.   To regularly report to the ethics sub-committee of the governing body via the chair of the committee, who is usually the organisation's ethics champion; and
v.   To occasionally discuss specific ethical dilemmas or controversial ethics topics that face the organisation and require ethical deliberation.

The committee should ideally meet quarterly, prior to the meeting of the governing body's sub-committee to which it reports. The agenda is typically drafted around themes such as the execution of the ethics strategy, interventions implemented as part of the ethics management plan, how material ethics risks were managed and their respective control mechanisms monitored, ethical challenges and dilemmas that require deliberation and action, investigation reports, reports on disciplinary actions taken, the approval of new and revised ethics-related codes, policies and procedures, and benchmarking ethics management leading practice.

An operational ethics committee should not be confused with an **organisational ethics forum**. The latter is usually established as a regular discussion session to allow all employees to raise ethical concerns and engage in dialogue on organisation-specific ethics challenges and dilemmas. The forum has no decision-making authority and can at best suggest ethical courses of action. Ethics is often an agenda point of a broad discussion forum such as an employee engagement forum or 'town hall meeting'.

The relationship between the operational ethics committee and the ethics office is summarised below.

> **The ethics office and the operational ethics committee**
> · The ethics office, through the ethics officers and ethics practitioners, serves as the committee members.
> · This is the forum where the ethics office can continuously liaise with its enabling partners, such as risk management, forensics and human resource management.
> · The ethics office provides the committee chairperson, who could be the ethics champion or another senior member of the executive, with information by formulating agendas and generating meeting minutes.
> · The ethics office coordinates the process whereby information (required to deal with specific challenges, or for purposes of reporting) is collated, analysed and presented to the entire committee at its regular meetings.

3.7 Ethics management role-players

Even a well-resourced ethics office cannot adequately fulfil its mandate without the active support of others. Such support is required from other specialists or **enabling partners, ethics ambassadors** and **line management**.

Enabling partners
Such partners exist in the form of those internal functions that can contribute special skills and perform highly specific roles in the process of managing ethics. They act as a **support base** for the ethics office and may include practitioners from the areas listed below.

- Company secretariat
- Risk management
- Internal audit
- Forensics
- Legal
- Compliance
- Human resource development/ Learning and development

- Corporate communication
- Human resource management
- Employment relations
- Organisation development
- Employee wellness
- Procurement
- Public relations

The ethics management-related roles that the enabling, or strategic, partners fulfil, are described in Table 3.2.

Table 3.2: The ethics office and enabling ethics functions

Function	Interface with the ethics office
Company secretariat	· Clarifies the governing body's ethics responsibilities · Ensures that ethics is included in governing body agendas · Acts as custodian of corporate governance · Often acts as custodian of the organisation's code of ethics (or conduct)
Risk management	· Collaborates with the ethics office to design, implement and maintain the organisational ethics risk management process · Assigns risk owners responsible for managing ethics risks · Monitors implementation of ethics risk mitigation measures
Internal audit	· Provides information to the ethics office on cases of wrongdoing as identified · Keeps the ethics office in the loop regarding the application and monitoring of controls · Audits the adequacy and effectiveness of the ethics office and its programmes
Forensics	· Collaborates with the ethics office in fraud prevention · Provides information obtained from forensic investigation activities to inform the ethics office of ethics risks
Legal	· Promotes organisational buy-in to policies through conveying the spirit of the law · Aligns ethics-related documents and procedures to local and international laws and guidelines · Ensures that ethics-related documents and procedures are devoid of legal risk
Compliance	· Informs the ethics office of minimum standards for adherence to regulatory requirements
Corporate communication	· Designs ethics communication strategies in conjunction with the ethics office Disseminates internal ethics-related information · Conducts ethics communication campaigns · Collaborates with the ethics office to manage critical incidents and to communicate on these fairly, accurately and timeously
Human resource management	· Performs screening and selection of potential employees for integrity · Makes ethical behaviour part of performance management · Integrates ethics training in new employee induction · Ensures that HR policies cater for ethics-related HR risks · Ensures the ethical and consistent application of human resource policies, systems and procedures
Employment relations	· Ensures compliance with human rights laws and codes · Investigates ethics transgressions such as sexual harassment, conflicts of interest, and discrimination · Ensures the fair treatment of employees at disciplinary hearings · Consults with trade union representatives regarding ethics issues
Organisation development	· Collaborates with the ethics office to assess and change organisational ethical culture through organisation-specific interventions · Ensures alignment of ethical culture to organisational culture

Function	Interface with the ethics office
Human resource development (or learning and development)	· Collaborates with the ethics office to design long- and short-term ethics awareness and training interventions · Integrates ethics modules in leadership development programmes · Brings ethics into coaching and mentoring activities
Employee wellness	· The ethics office obtains informed consent from employees to refer them to the wellness division when necessary · Provides counselling to employees that display counter-productive behaviour · Provides counselling to employees who have been victims of bullying, discrimination, and harassment
Procurement	· Collaborates with the ethics office to deal with conflicts of interest in procurement · Assists in developing policies and codes of ethics for suppliers and contractors · Assesses and manages ethics risks in procurement processes · Monitors ethical due diligence of current and potential suppliers
Public relations	· Where applicable, communicates ethics-related policies to external stakeholders · Conveys information provided by the ethics office in post-scandal situations · Ensures that organisational ethics information, as provided by the ethics office, is not contradicted on different media platforms

Ethics ambassadors

Ethics ambassadors (also referred to as ethics promoters) are those organisational members who act as informal promoters, advocates, or guardians of the ethics cause throughout the organisation. They are respected opinion leaders in the organisation, irrespective of the hierarchical level at which their jobs are positioned.

Figure 3.2 Ethics ambassadors in governance and management structures

Ambassadors are nominated by the organisation, or by their peers, based on their credibility, trustworthiness, and ethical reasoning ability. Ethics ambassadors perform the following activities:

- Stimulate ethics talk in the organisation.
- Ensure that ethics remains a dimension of agendas and conversations.
- Act as informal go-to ethics resource persons for their immediate colleagues who know them for their advisory, facilitative and influencing capacities.
- Consistently communicate the 'business case' for ethics and 'sell' ethics, even to hard-core sceptics.

Ambassadors are adept at identifying and addressing the potential ethical consequences of business relations and decisions. The relationship between the ethics office and ethics ambassadors is summarised below.

Ambassadors and the ethics office
- Ambassadors act as the ears, eyes, and voice of the ethics office.
- Ambassadors are conduits of ethics information provided by leadership and the ethics office, and act in a supporting role to ethics officers.
- Ambassadors channel ethics-related information obtained in their divisions back to the ethics office for noting or acting – this closes the loop of two-way communication between the ethics office and ambassadors.
- The ethics office relies on ambassadors to qualitatively identify and describe ethics risks and loopholes in systems and controls.
- Ambassadors are utilised by the ethics office as brand and behaviour ambassadors within their divisions and spheres of influence.

Line management

Line managers are at the frontline of managing ethical behaviour and assisting the ethics office and enabling functions to implement ethics management programmes. Prerequisites for line managers being ethically effective in their specific contexts and spheres of influence include: an awareness of the business case for ethics, ethical sensitivity, ethical courage, walking and talking ethics (leading by example), and making ethical decisions. Assuming that they have personal ethical credibility, line managers are in a strong position to create an enabling environment for employees to think and act ethically without fear of reprisal. The inverse is unfortunately also true.

At a practical level, line managers are responsible for implementing ethics management interventions. Line managers play a particularly crucial role in institutionalising ethics. To fulfil these expectations, they need to closely collaborate with the ethics office and ethics ambassadors. Examples of their responsibilities could be:

- Integrate ethics into newcomers' informal (post-employment) on-boarding initiatives
- Alert employees to utilise codes of ethics and ethics resources
- Identify the ethical consequences and potential impact on stakeholders of their divisions' business decisions
- Advise employees on ethics and resolve employees' ethical concerns and dilemmas
- Make decisions and recommendations regarding declarations of private work and conflicts of interest
- Apply ethics-related policies consistently
- Incorporate scenarios in selection interviews that could indicate candidates' ethical orientation
- Assess employees' ethical behaviour during performance management
- Reward employees who display ethical behaviour
- Punish transgressors who display unethical behaviour

The relationship between line management and the ethics office is summarised below.

Line management and the ethics office
- The ethics office provides line managers with comprehensive information that could enable them to manage their subordinates' ethics on a daily basis.
- The ethics office provides an ethics toolkit to line managers to ensure that they have sufficient knowledge and confidence to deal with ethics-related matters in their domains.
- Line management, in turn, provides feedback to the ethics office in respect of newly-identified ethics risks, trends in employees' unethical behaviour, who to nominate for ethically exemplary performance and as ambassadors, and requests about additional support required from the ethics office.

3.8   Concluding remarks

In terms of operational ethics management, the type of structures and role-players, and the extent to which these are formalised, are determined by the intensity of the desire to manage ethics in a concerted and structured way, the size of the organisation, the budget allocated to ethics management and the supply of current and potential employees with managerial ethics competence. As such, there is no one-size-fits-all. In fact, small organisations could allocate the responsibility for ethics management to one employee as an over-and-above task if and when possible. At the other end of the continuum are organisations that have the full house, with an ethics committee at governing body level, an ethics champion at executive level, an operational ethics committee, a dedicated ethics management function staffed by several ethics officers that operate at head office and/or regional levels, as well as, ethics ambassadors throughout the organisation.

Part 4
The ethics office and
ethics management

4.1 The governance of ethics and ethics management framework

To fully grasp the ethics office's responsibility to conduct ethics management in an organisation, a common understanding of a leading-practice approach is desirable. One such approach – a *governance of ethics and ethics management framework* – was developed by The Ethics Institute and is depicted in Figure 4.1.

Governance of ethics and ethics management framework

Figure 4.1 TEI Governance of ethics and ethics management framework

The framework empowers the ethics office to manage the organisation's ethics in a logical and structured manner with a view to 1) be in a position to regularly report on the ethics performance of the organisation, and 2) establish a mature and sustainable ethical culture over time.

In the following pages, each of the components of the diagram will be explored in turn, along with relevant references to King IV (IoDSA, 2016), which contains the very same concepts captured in narrative format.

4.2 Ethics management

At the centre of the framework is the **ethics management function**, represented by a pentagon. It is the heart of the activities that have been included inside the dotted line, which demarcates the distinction between the *governance of ethics* and the *management of ethics* in the framework (see Figure 4.1). The 'ethics management function' is usually the organisation's ethics office singly, or in conjunction with the operational ethics committee and other enabling partners, that is directly responsible for ethics management. The five corners of the pentagon indicate a five-phase **ethics management process:**

Figure 4.2 The ethics management process

4.2.1 Ethics risk and opportunity assessment

> The governing body should ensure that codes of conduct and ethics policies address the key ethics risks of the organisation.
>
> King IV (IoDSA, 2016)

The first phase in ethics management is conducting a formal **ethics risk and opportunity assessment**. This activity is based on the premise that 'what can be measured, can be managed'. Once information about risks and opportunities becomes available, the enterprise of ethics management takes on an objective and concrete character.

Figure 4.3 Ethics risk and opportunity assessment

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An ethics risk and opportunity assessment is the indispensable first step to addressing the challenges of determining the *good* and striving for an optimal balance between the *self* and the *other*. These concepts – the 'good', the 'self', and the 'other' – are foundational to any understanding of ethics; they are depicted in a simplified, illustrative diagram in Figure 4.4. As can be seen in the Figure, ethics risks 1) undermine the organisation's quest to establish a shared meaning of its 'good' and 2) disturb the already delicate balance organisations seek to maintain between the 'self' and the 'other'.

Figure 4.4 The impact of ethics risk

The ethics office should assess (in a structured way) what the organisation's ethics opportunities and risks are. An ethics risk and opportunity assessment, culminating in an ethics risk profile, provides the organisation with a clear understanding of unethical behaviours and organisational practices that could put the organisation at risk. At the same time, an ethics risk and opportunity assessment identifies the opportunities related to ethics that can be further capitalised upon by the organisation.

For more information on the management of ethics risk, please refer to The Ethics Risk Handbook (Van Vuuren, 2016).

Ethics risks: The responsibilities of the ethics office
- If the office has sufficient credibility and perceived independence and objectivity, the office can conduct an ethics risk and opportunity assessment. This includes the design and implementation of the assessment instruments and processes, data analysis and the formulation of the organisation's ethics risk profile.
- Should perceived objectivity and data confidentiality be of paramount importance, the ethics office should appoint an external service provider to conduct the assessment. The ethics office oversees the process and provides administrative support.

4.2.2 Ethics management strategy and plan

❝❝ The governing body should ensure that codes of conduct and ethics policies address the key ethics risks of the organisation. ❞❞

King IV (IoDSA, 2016)

Once the ethics office has identified specific ethics risks it may be vulnerable to, it can proceed to phase two, which is the formulation of an **ethics management strategy**. Such a strategy is designed to mitigate ethics risks and unlock ethics opportunities.

Figure 4.5 Ethics management strategy

The ultimate shape which the ethics management strategy takes depends on a number of elements, including the prevailing attitude towards bringing ethics into the organisational domain, the current state of the ethics of the organisation, any previous experience of reputational damage due to ethical failure and the magnitude of identified risks. The more focused and well-articulated the scope, the better.

The ethics management strategy is followed by the design of an **ethics management plan** (EMP). It is the 'how' of the ethics management process. The EMP outlines measurable objectives, describes specific interventions to achieve those objectives, assigns responsibilities and timeframes, and allocates the resources – human, financial, and other – required to implement the strategy.

4.2.3 Codes of ethics and ethics policies

> ❝ The governing body should approve codes of conduct and ethics policies that articulate and give effect to its direction on organisational ethics. ❞
>
> King IV (IoDSA, 2016)

Ethics management strategy formulation is followed by the third phase of ethics management, which is the formulation of **codes of ethics and ethics policies**, to ensure that the ethics strategy (from phase two) is implemented in such a way that the risks (from phase one) are accounted for.

The ethics office should first ascertain whether the ethics risks identified are sufficiently accounted for in existing codes of ethics and ethics-related policies. If not, the codes and policies need to be revised, and it may be necessary to formulate new or additional policies.

Figure 4.6 Codes of ethics and ethics policies

Once the ethics office understands what the organisation's ethics opportunities and risks are, it can proceed to formulate (or revise) its code of conduct, code of ethics, and ethics-related policies. The risks identified should inform the contents of these documents, irrespective of whether the ultimate form they take is aspirational or prescriptive. A code is much like the constitution of an organisation. It sets ethical standards beyond the law and regulations. It is usually expressed in terms of a statement of strategic ethical intent and contains the organisational values (the ethical values in particular) and expectations regarding conduct (behaviour) of employees. An aspirational code is usually referred to as a **code of ethics**, and a prescriptive or directional code as a **code of conduct**.

The ethics office should ensure that the code formulation process is participative and relational. To enhance the possibility of successfully implementing the code and obtaining stakeholder 'buy-in', the ethics office could

- Solicit executive management support for the code development process
- Harness the support of the operational ethics committee in the code development process
- Ensure that stakeholder ethics expectations are accounted for in the risks and opportunities that inform the code's contents
- Ensure that the code is aligned to the ethics strategy and ethics management plan
- Secure substantive internal stakeholder comments on draft codes
- Align the code to existing ethics policies and procedures
- Present the code for legal vetting if required
- Seek final approval of the code from the following structures (in order of the approval process):
  - Trade union representatives
  - Executive management
  - The ethics sub-committee of the governing body
  - The governing body itself
- Present the code in a professional format
- Ensure regular updating of the contents as new ethics risks come to the fore, or are identified through a follow-up ethics risk and opportunity assessment

The ethics office should be continually focused on addressing behaviours that reflect desired ethical behaviour and contribute to the formation of an ethical culture. The ethics office should further ensure that **ethics-related policies** are formulated in support of codes to articulate formal rules or behavioural expectations. Policy contents are informed by the ethics risk profile and additional research. The spirit, stipulations, and processes related to policies should be regularly communicated to new and existing employees and other stakeholders, such as suppliers. Since ethics policies are linked to conditions of service, employees (and other stakeholders such as, again, suppliers) should receive intensive training on the most significant ones, i.e. those that cover material ethics risks. Policies also reflect an attempt to address the organisation's grey areas, or ethical dilemmas. Policies are subjected to legal vetting and have to be

approved by the ethics sub-committee of the governing body. Typical ethics-related policies include:

- Anti-fraud and corruption
- Recruitment and vetting of staff
- Employee promotion
- Employee remuneration
- Procurement
- Protected disclosures (whistle-blowing or safe reporting)
- General employee conduct
- Conflicts of interest
- Gifts and entertainment
- Internal investigations
- Anti-sexual harassment
- Anti-bullying
- Anti-discrimination
- Social media usage
- Data use and confidentiality

Codes of ethics and policies: The responsibilities of the ethics office
- Embrace the fact that the ethics office is the 'owner' of the code of ethics
- Facilitate code formulation workshops and events
- Oversee code implementation
- Coordinate the formulation of ethics-related policies

Strategic partners of the ethics office for this activity:
- The CEO – to visibly endorse the code as 'the constitution' of the organisation
- The ethics champion
  - To promote the spirit and contents of the code at executive management and governing body levels
  - To table the code at executive management and governing body meetings
- HR – to co-own the code of conduct with the ethics office
- Legal division – to align codes' and policies' contents to legal requirements
- Compliance division – to monitor code adherence
- Enabling partners – contribute to the code-writing process and ensure that significant ethics risks and opportunities are accounted for
- Ethics ambassadors
  - To promote the code in their domains
  - To base ethics advice on the code contents
- Line management – regularly use the code to inform ethical decision-making and encourage ethical behaviour

4.2.4 Institutionalisation ('making ethics real')

> The governing body should delegate to management the responsibility for the implementation and execution of the codes of conduct and ethics policies.
>
> King IV (IoDSA, 2016)

Formulating a code of ethics and supporting policies and enforcing such policies are necessary but insufficient steps in making ethics an integral component of the organisation. Ethics needs to be institutionalised in the organisation – merely being able to demonstrate the existence of the code is not enough. Put in a different way –

Figure 4.7 Ethics institutionalisation

The fourth phase of the ethics management process is that of **institutionalisation** (or **'making ethics real'**). The ethics office coordinates and/or provides support to its enabling partners to design and implement proactive and reactive ethics management interventions and systems.

Example of proactive interventions:
· Ethics awareness programmes – digital or otherwise
· Roll-out of codes and policies
· An ethics advice facility, or ethics helpdesk
· Utilising ethics ambassadors to relay important ethics-related information, obtained from employees, to the ethics office
· Recruitment for ethics – communicating the organisation's stance on ethics assertively and clearly when recruiting new employees
· Selection for ethics – using background checks, comprehensive referencing and psychometric assessment to prevent 'bad apples' from entering the organisation
· Ethics orientation of new employees
· The setting of realistic performance targets
· Ethics in performance management and reward – making 'ethical behaviour' a key performance area in employees' performance appraisals and then rewarding the 'good apples'
· Formal and informal ethics training, including ethical decision-making

- Executive coaching for ethics
- Implementing and monitoring ethics policies, such as gifts and conflicts of interest policies
- Line management making ethics real by, firstly, continually demonstrating respect for others and, secondly, coaching and mentoring for ethical behaviour

Examples of reactive interventions:
- A speak-up (whistle-blowing or safe reporting) facility – establishing, maintaining and promoting a facility where stakeholders can report observed unethical conduct without being subsequently victimised; it is, however, leading practice to contract an external service provider to host and manage such a facility
- Consequence management – dealing with ethics transgressors swiftly and decisively and communicating the results in the organisation
- Dealing with ethics fallout – formulating ethics disaster management plans that need to be implemented immediately after ethics failures have been made public

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Proactive interventions contribute significantly to the forming of an ethical culture.

Reactive interventions contribute more to the prevention of unethical behaviour than they do to the forming of an ethical culture.

Institutionalisation: The responsibilities of the ethics office
- Facilitate all institutionalisation interventions in collaboration with enabling partners
- Design and implement ethics awareness programmes
- Provide ethics advice via the 'helpdesk'
- Provide ethics training
- Administrate the gift register
- Manage the conflicts of interest register
- Coach line management on ethics
- Ensure that HR systems and policies are aligned to ethical standards

The role of the ethics office's enabling partners in institutionalisation interventions is critical; these are explained in Table 4.2.

Table 4.2 Strategic (enabling) partners of the ethics office in the quest to make ethics real (institutionalisation)

Intervention	Strategic enabling partners
Proactive	
Ethics advice facility	Compliance, HR, employee wellness
Ethics awareness	Corporate communications
Ethics training	Training (learning) and development, HR
Ethics risk register	Risk management; other risk owners
Recruitment, selection and orientation of new employees	HR, employment relations, training and development
Ethical culture change interventions	Organisation development, organisational change
Policy implementation	All partners, but particularly the company secretariat, procurement, internal audit and HR
Reactive	
Whistle-blowing (speak-up or safe reporting) facility	Legal, compliance, internal audit, forensics
Disciplinary inquiries/hearings	HR, forensics, legal, compliance, employment relations
Ethics disaster management plan	Public relations, corporate communications (including social media experts)

4.2.5 Monitoring and reporting

❝ The governing body should ensure that measures are taken to monitor organisational ethics and how the outcomes are addressed. ❞

King IV (IoDSA, 2016)

The fifth and last phase of ethics management is dedicated to the monitoring and reporting of ethics management activities. Results of such activities, as well as the current state of ethics of the organisation, should be regularly reported to the management and governance structures that oversee the organisation's ethics.

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Figure 4.8 Monitoring and reporting on ethics management performance

For more information on ethics reporting, please refer to the
Ethics Reporting Handbook (Dobie and Plant, 2014).

Monitoring and reporting on ethics management performance:
The responsibilities of the ethics office
· Monitor the implementation of the ethics management plan and, in particular, the systems, interventions, ethical culture, material ethics risks and trends
· Report on the organisation's ethics performance to the ethics champion and executive management, and to the ethics sub-committee of the governing body on a regular basis, for example, quarterly

Strategic partners of the ethics office for this activity:
· Ethics champion and governing body to clearly articulate the themes that should be covered in the report of the ethics office
· Internal audit function, that provides assurance to executive management and the ethics sub-committee of the governing body on the report produced by the ethics office

4.3   Independent assessment and external reporting

> ❝ The governing body should exercise ongoing oversight of the management of ethics and, in particular, the monitoring of adherence to the organisation's ethical standards by employees and other stakeholders through, among others, periodic independent assessments. ❞
>
> King IV (IoDSA, 2016)

At this point, we step back outside the demarcated area for ethics *management* and turn to an important aspect of good ethics governance: **independent assessment and external reporting** (see Figure 4.9). Reports from the ethics office should give a fair indication of the progress with implementing the ethics strategy, as well as some of the more tangible evidence of the state of ethics in the organisation. It is, however, never a

good idea to 'mark one's own homework', and good governance requires an independent assessment of the ethics performance of the organisation.

Figure 4.9 Independent assessment and external reporting

The governance prescript in this regard is that the governing body should ensure that the organisation's ethics performance is assessed, monitored, reported, and disclosed. There should be independent assessment of the adequacy and effectiveness of the ethics management processes, and of the ethics management reports.

This independence is traditionally provided by the internal audit function, which reports to the audit committee (as a sub-committee of the governing body). The audit committee, in turn, ensures that the ethics performance of the organisation is included in the organisation's integrated or sustainability reports to stakeholders.

Internal auditors may also use the services of independent external assurance providers to conduct such assessments – or parts of them. Assessments of organisational ethical culture, which can be used to determine programme effectiveness, are often conducted by independent experts.

Independent assessment and external reporting: The responsibilities of the ethics office
· Liaise with the ethics champion regarding reporting protocols
· Regularly make reports on ethics performance available to internal audit

Strategic partners of the ethics office for this activity:
· Internal audit solicits information from the ethics office's enabling partners, by consulting with them in a combined assurance approach

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4.4 Ethical culture

> ❝ The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. ❞

The quotation above from Principle two of King IV reflects an increased focus on **organisational ethical culture**, urging organisations to move beyond ethics management programmes and attend specifically to the organisational culture that underpins, and goes beyond, such programmes. Even if an organisation has leaders with integrity, a sound code of ethics and ethics policies, this may not be sufficient to produce sustained ethical behaviour. Organisations may thus tick all the boxes insofar as the mechanics and reporting of ethics management activities is concerned, but if the ethical culture of the organisation is fragile or underdeveloped, management and employees may not have the sensitivity to identify ethical challenges and make ethical decisions. Ideally, sensitivity should be particularly attuned to the ethical consequences that organisational actions and decisions may have on internal (employees) and external stakeholders.

To indicate just how crucial the establishment of an ethical culture is, the governance of ethics and ethics management framework features the word 'culture' prominently four times (see Figure 4.10). The ethics office is the guardian or steward of the organisation's culture, and all ethics office activities and interventions should be aimed at strengthening ethical culture.
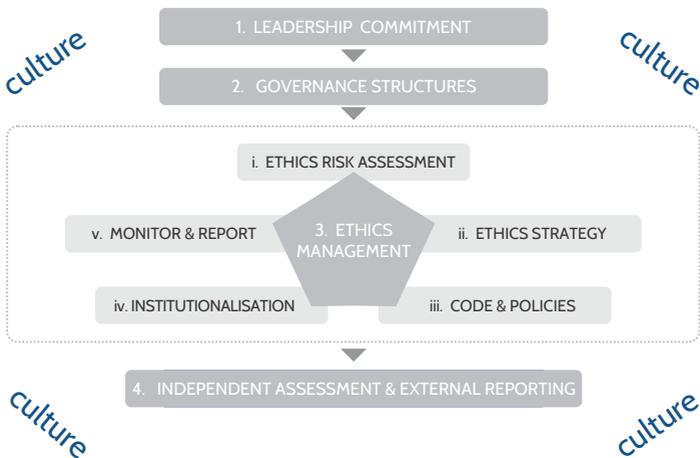
Figure 4.10 Ethical culture

The desired outcome of any ethics governance and management initiative is a strong ethical culture. Although organisations may survive for many years on *laissez-faire* approaches to ethics, truly sustainable organisations proactively build organisational cultures marked by ethical leadership, ethics awareness, ethical decision-making, and sustained ethical behaviour (ethical action). A truly ethical culture cannot be achieved in the short term. It requires sustained leadership commitment to ensure that an ethical culture builds over time. As with any organisational culture-change exercise, the formation of an ethical culture could take something like three to seven years to reach maturity.

As custodian of the organisation's ethical culture, the ethics office measures ethical culture, influences it, reassesses it to evaluate improvement, and reports on progress. The ethics office is firstly responsible for assessing the strength of the organisation's ethical culture. The strength of the ethical culture may be described in terms of the magnitude of the ethical component of the organisation's broader culture (see Figure 4.11).

Strength of ethical culture

Figure 4.11 Strength of ethical culture compared to organisational culture

Based on the strength of the different dimensions of an organisation's ethical culture, the ethics office designs and implements interventions that may enhance and expedite ethical culture formation. Although formal dimensions may contribute indirectly to the establishment of ethical cultures, it is actually the more informal interventions that contribute most to shaping cultures. Informal interventions have a tacit impact on ethics mindsets and consequent ethical behaviour. Typical interventions include:

- Assisting line management to create climates where it is okay to talk about ethics
- Continually reinforcing the business case for ethics
- Stimulating ethics talk throughout the organisation
- Establishing ethics discussion forums
- Equipping all employees with the competence to be ethically sensitive and to identify ethical challenges

- Making employees aware of the importance of ethical decision-making by training new and current employees to consider the potential ethical consequences of decisions to prevent harm to stakeholders that may be affected
- Emphasising interpersonal skills training interventions
- Encouraging the continual 'translation' of values such as integrity, fairness, honesty and respect into visible behaviours
- Designing initiatives to reward employees who demonstrate ethically exemplary behaviour – 'catching those who do good' – and giving them recognition and positive feedback

An ethical culture: The responsibilities of the ethics office
- Coordinates the assessment of ethical culture (for example, by utilising the Ethical Culture Risk Indicator (ECRI) as designed and normed by The Ethics Institute)
- Designs and implements interventions to enhance ethical culture
- Reassesses the ethical culture to evaluate improvement that may result from interventions
- Reports on cultural enhancement achievements

Strategic partners of the ethics office for this activity:
- The ethics champion – To consistently influence the ethical culture and mindsets of the governing body and executive management
- Organisational change and development – To design and implement ethical culture change interventions using appropriate organisational change models
- Ethics ambassadors – To consistently influence the ethical culture and mindsets of the employees in the domains allocated to them, for example division, department or region
- Line management – To consistently influence the ethical culture and mindsets of their subordinates, for example by empowering employees to raise ethical concerns, talk about ethics openly and make ethical decisions

4.5   Concluding remarks

The governance of ethics and ethics management framework empowers the ethics office to manage the organisation's ethics in a structured and understandable way. However, ticking the boxes of the framework, that is, diligently designing and executing the requirements of each phase of the ethics management process, does not guarantee complete fulfilment of the mandate of the ethics office. It is imperative that all activities in each phase are 1) conducted with an ethical culture change mindset and 2) measurable in terms of their contribution to ethical culture change. Therein lies the difference that an ethics office can make in an organisation. Powerful and demonstrable contributions to the formation of a sustainable ethical culture also clearly justify 1) the existence of an ethics office and 2) monetary investments made in establishing and sustaining an ethics office.

Part 5
Running an effective
ethics office

5.1   Introduction

It is no easy task to plan, establish and run an effective ethics office. A further challenge is to position and design the office in such a way as to ensure that it has long-term sustainability. In the final part of this handbook, we consider the 'how' of the ethics office – exploring which factors contribute to its effectiveness and efficiency – to ensure legitimacy, credibility, trustworthiness and sustainability.

5.2   The ethics office and power

Positional power

Positional power, also known as legitimate power, is derived from one's authority (or position) in the organisation. Positional power is exercised in accordance with the level of seniority, or importance, of the individual, relative to other positions in the organisation. In other words, where one finds oneself on the organogram determines one's positional power.

Like most kinds of power, positional power is based upon a complex mix of reality and perception. It is based on the *reality* that people hold certain positions in an organisation through which they can influence others, and the *perception* by others that having the job level, seniority or even job title, accords certain people certain power.

For the ethics office and its practitioners to make a meaningful impact in an organisation, it is vital that they are positioned at an appropriate level of positional or functional seniority. Owing to the importance of ethics for organisations, the ethics office should be taken seriously and should not be easy to control or manipulate. Various factors affect the positioning of the ethics office in the broader positional power matrix, and these include:

- Size and nature of the organisation
- Culture of the organisation
- Available budget and resources
- Support functions that could support the ethics office
- Mandate and reporting line

Ethics officers are required to conduct a wide range of tasks, including ethics investigations, training and awareness, consulting and advice at various levels, and giving input into strategic objectives. For them to be effective, they should ideally be placed at a general or senior management level. As such, they need to command respect and be acknowledged as people who display wisdom in the organisation. Since they may sometimes be required to undertake sensitive ethics-related interventions involving senior and executive management, ethics officers need to have a high level of credibility which, in turn, invokes trust in the office.

Expert power

Expert power is derived from the knowledge and skills that allow ethics officers to be viewed as authoritative figures on the subject, or as 'subject matter experts'. It is important for the ethics office to have expert power in the organisation, to ensure that there is general respect for, and trust in, the practitioners' interventions, advice and other contributions. Ethics officers should ideally be members of an ethics office that functions as an independent entity in the organisation and, as such, should not only understand their specific roles, but also demonstrate a thorough understanding of the larger operating environment within and beyond their organisation.

Referent power

Referent power is derived from the ability to garner the respect and admiration of other people. For example, celebrities often have referent power because other people admire them and want to be like them. The ethics office and its incumbents should set the example of desirable behaviour in the organisation, so that others admire them and want to be like them insofar as their moral stance, courage, and reasoning ability is concerned. Ethics officers who have referent power will be influential; so, having this type of power should be respected and used responsibly. This is not the sort of power that can be immediately identified on an organogram; it is earned over time through consistent patterns of behaviour and ways of relating to others.

Reward power

Reward power is the power of a leader to reward others – to reinforce good behaviour or to induce desirable behaviour. Rewards can be tangible (physical things) or intangible (actions or gestures). Tangible rewards can take the form of monetary awards, salary increases, bonuses, plaques, certificates, and gifts. Intangible rewards take the form of expressions of gratitude (a well-timed 'thank you'), praise, positive feedback, recognition, more responsibility, and higher status.

An obvious advantage to intangible rewards is that they can be as effective as tangible rewards without the budgetary implications. The ethics office would be more likely to be able to facilitate intangible rewards and derive significant power from the practice.

Power: Implications for staffing the ethics office
- Assigning sufficient positional power to the ethics office
- Staffing the ethics office with competent, appropriately qualified and experienced people
- Empowering the ethics office to design and facilitate ethics reward initiatives and behaviour

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5.3 Ensuring leadership commitment

The ethics office should have sufficient power so that its incumbents can confidently engage with leaders at all levels of the organisation – this includes governing body members and executive management.

This power should be positively utilised to lobby leadership with a view to obtaining their commitment to the organisation's ethics cause. No ethics management initiative can be successful unless the organisation's leadership:

- understands the value of ethics in ensuring the organisation's sustainable development,
- is fully committed to ethics,
- has an ethics management competence,
- acts ethically ('walks the talk'),
- acts as a role model of ethical conduct for employees and other stakeholders, and
- sponsors ethics management interventions.

Figure 5.1 Leadership commitment in the governance of ethics and ethics management framework

Having a document of strategic ethical intent, as drafted by leadership, will empower the ethics office to get on with doing what they should, without having to continuously assure others that the leadership is indeed supportive of ethics interventions. The statement should be published widely within the organisation. Such a statement will include a commitment to oversee and support all ethics management interventions. In doing this, the leadership will

- send a clear message to all stakeholders regarding the organisation's ethical intent, and
- give the ethics office and its enabling partners a clear mandate to proceed with their activities.

> **The ethics office and leadership commitment**
> - The ethics office should be sufficiently competent and credible to advise the governing body and executive management on material ethics matters, and particularly on those ethics risks that are unique to the organisation.
> - The ethics officer or champion may act as executive coach on ethics to the organisation's CEO and senior leadership.
> - The ethics office designs strategies and establishes communication channels to disseminate ethics-related information generated by leadership.

5.4   Positioning the ethics office

There is much debate on where in the organisation to position the ethics office to guarantee optimal functioning. Factors, such as those mentioned in Section 5.3, will determine where the office is positioned, as well as the extent of its power and influence. Some organisations opt for a standalone ethics office, while others integrate it within existing functions.

There are downsides to 'housing' the ethics office as a part of another function – either as a sub-function or by simply adding ethics management to a function's existing responsibilities – which put it at risk of losing its discreteness and impact. The risks arising from integrating the ethics function within various other functions are listed in Table 5.1.

Table 5.1 The risk of integrating the ethics function within other functions

Function	Reasons to avoid positioning the ethics office in this function
Risk management	Ethics risk is but one part of risk management and some ethics risks (such as cultural risks) go beyond the realm of the enterprise risk register.
Internal audit	This could threaten the perceived independence of internal audit as an assurance function that 'evaluates and improves the effectiveness of risk management, control and governance processes' (IIA SA, 2018).
Forensics	As forensics is responsible for the investigation of incidents of extreme ethics fallout, such as fraud, theft and procurement irregularities, this has an investigative rather than educational role that undermines the aspirational dimension of the ethics office's work.

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Function	Reasons to avoid positioning the ethics office in this function
Compliance	The compliance function – which ensures that the organisation conducts its business in full compliance with all national and international laws and regulations as well as accepted business practices and internal policies and standards (Groenewald & Dondé, 2017) – inevitably follows a 'tick-box' and rules-based approach to ethical standards. This is necessary but not sufficient for internalising ethical values and building ethical cultures.
Company secretariat	While the company secretariat acts as the administrative support of the governing body and as 'trustee' of organisational governance, it often does not have sufficient positional power to have a significant impact on the organisation's ethics.
Governance	Few organisations have standalone governance functions; the duties of such a function in a large organisation would likely be legalistic and compliance-focused, and the management of ethics may be neglected.
Human resource management	Since the majority of ethics transgressions in organisations are HR-types of cases, there may be a conflict of interest if HR 'marks its own homework'. Furthermore, there is the risk of ethics interventions being viewed as 'just another HR project' and thereby losing their impact.
Employment relations	Employment relations has only the expertise and frame of reference to deal with a limited number of ethics interventions, such as consequence management and employee discipline, which implies that other ethics issues may be overlooked.
Employee wellness	As employee wellness is responsible for the human component of the fall-out of unethical behaviour, in the form of employee counselling, it should be a separate 'safe space', untouched by other organisational functions.

The main criteria for the positioning of an ethics office are that it should be perceived as:

· Trustworthy
· Independent
· Objective
· Focused
· Competent

Few of the functions listed in Table 5.1 could satisfy these criteria insofar as ethics management is concerned. The first prize for any organisation that has the need and desire to establish an ethics function is for it to be a standalone, independent entity. Such a function will simply be called 'the ethics office' and will have a clearly demarcated mandate to fulfil. Furthermore, the ethics office should ideally report on its contribution to the organisation's ethics performance and ethics risk mitigation directly to executive management (ethics champion) and the ethics sub-committee of the governing body. There is, however, no one-size-fits-all, and an organisation needs to create its own unique ethics management dispensation that will produce optimal deliverables.

5.5 Structuring the ethics office

An ethics office should ideally be structured such that certain capacities, as required, are accounted for in the staffing of the office. These capacities include:

- **Managerial capacity:** to plan and coordinate the various aspects of an ethics management process and liaise with role-players at all levels of the organisation.
- **Policy-development capacity:** to develop or review codes of ethics and other ethics-related policies.
- **Training capacity:** to ensure that new and existing staff are familiar with the ethics standards and policies of the organisation.
- **Communications capacity:** to communicate important ethics developments to the organisation and maintain a high level of ethics awareness in the organisation.
- **Administrative capacity:** to administer processes associated with the implementation of policies, such as keeping record of declarations of private interest and maintaining gift registers.
- **Advisory-role capacity:** to provide advice to the governing body, the executive management team and other staff members who have queries regarding the ethics standards and policies of the organisation.
- **Data-management capacity:** to keep records of incidents and cases (for example, the number and nature of misconduct reports received and of requests for advice), and to analyse the data to identify trends and patterns.
- **Investigative capacity:** to conduct preliminary, or non-forensic, ethics-related investigations when misconduct is reported to the ethics function. Forensic investigations should be outsourced to other internal functions specifically responsible for investigations in the organisation, or to external investigation service providers.

The organogram in Figure 5.2 is an example of a structure of a 'fully-fledged' ethics function.
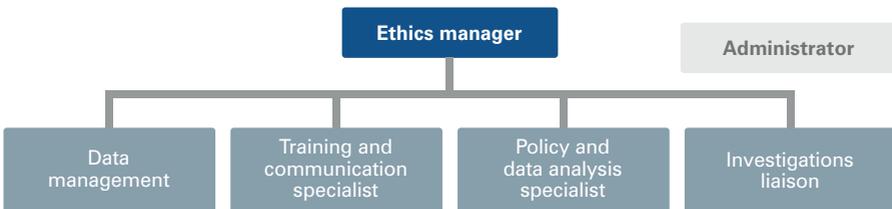

Figure 5.2 Example of a 'fully-fledged' ethics office structure

The ethics office therefore may include ethics officers who act as ethics managers (i.e. managing the ethics function *per se*), ethics generalists, and others that perform specific duties such as data management, training, management of policies, and ethics (not forensic-related) investigations. In instances where budgetary constraints, the size of the organisation, or other limitations impede the establishment of a 'fully-fledged' ethics function, the organisation may decide to follow a phased-in approach. This would initially require the appointment of just one person (the ethics officer) to manage the ethics of the organisation and build capacity over time.

5.6   Ethics office roles

To fulfil the ethics office's mandate, its incumbents need to fulfil several formal and informal roles. These roles should be clearly understood to ensure that practitioners 1) are recruited and selected based on having the competence to fulfil them, 2) are trained and developed to act on the expectations underlying them, and 3) integrate an ethics-specific focus when performing them. Table 5.2 represents the roles, a description of the roles, and what to guard against when constructing and applying them.

Table 5.2 Roles of ethics officers

Role of the ethics officer	Role description	What to guard against
Leader	· Positively influencing others through participation, empowerment and enablement · Leading by example · 'Walking the ethics walk' and 'talking the ethics talk'	✖ Charismatic, autocratic or *laissez faire* leadership style
Agent	· Being an advocate or custodian of the ethics cause in the organisation · 'Selling' ethics by making a realistic case for ethics · Influencing without delivering a sermon	✖ Being an activist ✖ Using the moral high ground
Coordinator	· Using project planning skills to integrate the activities of other enabling partners and external service providers to accomplish a variety of ethics assessments and interventions	✖ Underestimating others' abilities ✖ Jealously protecting the 'turf' of the ethics office
Manager	· Planning, organising, directing and controlling ethics management activities · Managing the ethics office, its practitioners and administrators	✖ Micro-managing
Facilitator	· Using interactive skills and positive engagement based on principles of adult learning · Managing the process rather than the outcome · Soliciting answers rather than giving them · Asking provocative questions and mediating the subsequent discussion	✖ Being a teacher ✖ Using an adult-to-child interaction style

Role of the ethics officer	Role description	What to guard against
Trainer	· Using leading practice and scientific approaches to plan, design, execute, and assess training, learning, and development interventions	✗ Unstructured and uncoordinated training efforts ✗ Not outsourcing training when the office does not have the competence for specialised interventions
Coach	· Facilitating personal growth in terms of ethical sensitivity, courage and reasoning skills in others	✗ Adopting a counsellor mode ✗ Giving answers
Advisor	· Keeping sensitive information confidential · Using problem-solving approaches	✗ Ignoring, ridiculing or unfairly judging *bona fide* ethics-related questions ✗ Abusing information obtained in confidence
Investigator	· Investigating the ethics-related dimensions of unethical behaviour with a view to improving situations and preventing re-occurrence · Using state-of-the-art analysis and interviewing skills	✗ Being a detective ✗ Being an interrogator ✗ Acting as prosecutor or chairing disciplinary inquiries
	· Succinctly conveying factual information on ethics in the organisation, while being sensitive to the level of understanding of the receiver of the message	✗ Talking down to others ✗ Poor listening skills
Mediator	· Using conflict resolution skills and relational interaction to allow all parties to voice their concerns · Helping all parties retain those legitimate values on which they base their concerns	✗ Being a judge ✗ Taking sides
Researcher and analyst	· Using evidence-based, appropriate research methodology to obtain ethics-related information, (for example, through surveys) · Benchmarking the organisation's ethics management programmes to ensure leading practices are implemented · Researching external social and economic trends that may have an impact on the organisation's ability to sustain ethics performance	✗ Using inappropriate data or data not applicable to the organisation or industry ✗ Conveying research results without adequate analysis
Networker	· Building sustainable relationships with key internal and external enabling partners and stakeholders	✗ Being a social butterfly ✗ Creating perceptions of favouritism ✗ Currying favour with important people in order to get their support
Gadfly	· Consistently and assertively, yet humbly and tactfully, questioning ethical decisions, consistency of behaviour, how the organisational values are 'lived' and how stakeholders are affected · Being a 'devil's advocate'	✗ Being viewed as an irritating stirrer, rather than as making a constructive contribution

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5.7 Competence

For ethics officers to attain and justify positional, expert, referent, and reward power in organisations, recruitment and selection programmes should ensure a good fit, so that no proverbial 'square pegs' are put into 'round holes'. In other words, that fit and proper individuals with a good moral standing are considered. The ethics office is the guardian of ethical conduct in organisations and should set the example of how staff and management should conduct themselves.

The minimum skills and knowledge requirements of ethics officers in organisations are:

- **Expertise in organisational ethics governance and management:** Practitioners who are initially required to fulfil the role of ethics officer (full-time or part-time) must have expert knowledge of the governance and management of ethics to ensure that they initiate and coordinate the implementation of all elements of an ethics management programme.
- **Project management expertise:** Those responsible for ethics management will be required to have sufficient project management competence to identify and implement ethics-related projects, such as training programmes and awareness campaigns, in collaboration with other departments (such as learning and development and communications).
- **Advisory-role expertise:** It is expected of ethics officers to provide guidance and advice on organisational ethics-related matters to the governing body, senior management and all other employees.

To ensure optimal role fulfilment, ethics officers require certain ethics competencies. They need to be able to distinguish right from wrong, engage credibly with ethics, guide others in ethical decision-making (even under difficult and challenging circumstances), and help build ethical organisational cultures. Rossouw and van Vuuren (2017, 233) distinguish between three broad types of ethics competence, namely **cognitive, behavioural** and **managerial**. Each competency, and how it pertains to the ethics office, is summarised below.

Cognitive ethics competence
The purpose of cognitive ethics competence is to acquire the intellectual knowledge and skills to identify, analyse, judge and evaluate ethical matters in the organisation. Ethics officers therefore need to acquire a 'way of thinking' about organisational ethics and the organisation, which means that they need to be cognitively ethically competent. In particular, it means that they have to acquire an ethics vocabulary. Having cognitive ethics competence is like being 'book smart' about ethics, which is important, but does not entail that the knowledge flows into actual conduct.

A specific type of cognitive competence:
Legal- and governance-related knowledge
Although the ethics office does not have a legal or purely compliance responsibility, the office and its practitioners need to be acutely aware of all relevant international and national laws, regulations, codes and guidelines. These prescripts may have a significant impact on the way the ethics office structures its activities and interventions. Particularly relevant general documents in this regard include:

- The South African Constitution
- King IV Report on Corporate Governance for South Africa
- Protected Disclosures Act
- Labour Relations Act
- Employment Equity Act
- United Nations Global Compact
- The Prevention and Combating of Corrupt Activities Act
- The UK Bribery Act
- The Companies Act of 2008 and Company Regulations of 2011 (Regulation 43 specifically)
- OECD Convention Against Bribery
- The US Foreign Corrupt Practices Act
- The Federal Sentencing Guidelines
- Market conduct legislation

Industry-specific regulations should also be assimilated to ensure compliance by the organisation. As such, most sectors and industries have regulators which oversee organisations' adherence to industry-specific regulations. Although laws and guidelines can only provide a minimum ethic, the ethics office should uphold the spirit of such guidelines to complement ethics management philosophy and interventions.

Behavioural ethics competence
Ethics officers serve as role models to others and must be able to translate what they *know* about ethics into ethical *behaviour*. As part of their responsibilities in the organisation, they should direct and influence the behaviour of others around them. This requires that they develop a behavioural ethics competence, which is the inclination and commitment to behave ethically. The core behaviour of this competence is to lead by example and set a high standard. Ethics officers cannot bend the rules and then expect others to comply with them.

Managerial ethics competence
Rossouw and van Vuuren (2017) suggest that having the aforementioned competencies does not automatically guarantee that the ethics officer has a managerial ethics competence. Thus, knowing about ethics and behaving ethically is

not the same as being able to manage ethics in a systematic fashion in the organisational context. Managerial ethics competence means developing the ability to direct the ethics performance of organisations. It is a higher-order skill that has a strong leadership component.

	Cognitive competence	To acquire intellectual knowledge and skills for making ethical analyses and judgements
	Behavioural competence	To develop inclination and commitment to behave ethically
	Managerial competence	To develop the ability and skill to lead and manage the ethical performance of organisations

Figure 5.3 Summary of ethics competencies

5.8 Qualifications

It is rare for ethics officers to not have at least a tertiary or even post-graduate qualification. Although the occupation of ethics officer or practitioner has not yet evolved to the point where there are dedicated tertiary ethics management qualifications available, several institutions offer post-graduate qualifications in applied ethics, some with organisational ethics as a specialisation.

Since ethics management is, in essence, about the understanding, measuring and changing of human behaviour in organisations, it is recommended that ethics officers have a significant foundation in the behavioural sciences, for example organisational psychology, psychology or sociology. However, many ethics officers currently have diverse academic backgrounds, that may include one or more of the following fields of study:

· Philosophy
· Law
· Human resource management
· Risk management
· Business management
· Governance
· Public administration

At this stage, few organisations have ethics functions that are of sufficient magnitude to justify extensive in-house training programmes for ethics officers. There are several organisations that have started to offer their ethics officers compulsory internship programmes, in addition to attending external training. Furthermore, many require that their ethics officers obtain accreditation via The Ethics Institute's Ethics Officer Certification Programme, as certified by the University of Stellenbosch Business School: Executive Development.

5.9   Marketing the ethics office

The notion of having an ethics office or integrity function has unfortunately not yet caught on in some organisations. This is especially the case in those organisations that perceive compliance to be sufficient to ensure ethical behaviour, and those where leaders still covertly ascribe to the myth that people are either ethical or they are not, and that there is not much that can be done about it. These attitudes manifest in decisions not to invest sufficiently in ethics management which, in turn, relegates the ethics function to a third-grade support function with an inadequate budget. This kind of ethics function exists 'because we have to have it according to governance guidelines'.

That being said, many organisations do understand that ethics matters and have an open attitude towards it; however, they may still be ignorant as to how ethics can be managed to bring about ethical organisational cultures. There is thus the need to educate others on what the role of the ethics office is, what it does, how it does it, and how it can make a difference. This is what is meant by 'marketing' the ethics office.

Marketing the ethics office means to:

- Demonstrate to the organisation that managing ethics is not as complicated as it may seem,
- Show the organisation that ethical behaviour can be tangible and observable, and is not necessarily only about abstract and fuzzy terms such as morality, integrity, fairness, transparency, accountability, and the like, and
- Educate the organisation that ethics is not only about the 'grey areas', or dilemmas, but also about the many things in life that are clearly good, right and just or clearly bad, wrong or unjust.

It takes structured marketing, branding and networking to sell ethics, to sell the ethics office and its value, and to make people understand how they can interact with the office.

As with any product or service, the ethics function needs to promote itself among its stakeholders to ensure that it can deliver effectively on its mandate. Through an effective and consistent marketing strategy, the ethics function increases its footprint

across the organisation – having an effect not only on internal stakeholders, but also on external stakeholders such as suppliers, contractors and clients. Consistently delivering on its mandate and providing value-add to the organisation will lend credibility to the ethics function.

Finally, it is important to build the **brand** of the ethics office. 'A brand is a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers' (American Marketing Association: 2018). A brand can be considered as the idea or image people have in mind when thinking about specific products, services and activities of an organisation, both in a practical and emotional way. It is therefore not just the physical features that create a brand, but also the feelings that consumers develop towards the organisation or its product. This combination of physical and emotional cues is triggered when exposed to the name, the logo, the visual identity, or even the message communicated (The Branding Journal: 2018).

Ethics offices need to consider the value of 'selling' the ethics office and its value as a 'brand'. They might even consider creating its own logo and strapline (memorable slogan). The brand would then accompany all ethics office activities, communiques and endorsements. Through its brand, the ethics office makes itself recognisable and ensures credibility and sustainability. The ethics office's brand should be aligned to the organisation's vision and brand in terms of, for example, wording and colours.

5.10   Concluding remarks

The ethics office needs to deliver on its mandate, which is to manage the ethics of the organisation in such a way that a sustainable ethical culture is established. Glen Coleman (who served as ethics officer in the award-winning ethics office of Texas Instruments for 10 years and at Electronic Data Systems for 14 years), gives the following advice:

> **A good ethics officer should work him/herself out of job.**

This implies that, once an ethics office has done its job properly, all that remains is for the office to act as rudder for the ship (the organisation) and to make sure that it remains on its chosen (ethical) course.

Reality puts a slight dampener on this aspiration though, as organisations are under continuous pressure from external parties with selfish intentions. Furthermore, 'bad apples' enter the organisation and can contaminate the other apples with the promise of easy self-enrichment. The ethics office needs to be aware of these challenges, and other human failings. But it should not be deterred from performing its duties in a way that adds value to the organisation, protects its reputation and even influences the organisation to facilitate ethical behaviour in the broader society.

A powerful message:

When I started up the ethics office at Vodacom in 2005, I virtually spent the first two years of my stint as ethics officer on building relationships. I travelled to all the Vodacom offices in all the regions, met with most of the managerial staff and many employees. My mission was to get the ethics conversation going in the company, and to get the people to trust the ethics office. Building relationships based on trust is the first and primary task of an ethics officer.

Khali Mofuoa
General Manager: Ethics, Road Accident Fund

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About The Ethics Institute

The Ethics Institute is an independent public institute producing original thought leadership and offering a range of products and services related to organisational ethics.

Our vision is: *Building an ethically responsible society.*

We pursue our vision through thought leadership and an ethics-related offering, including training, advisory services, assessments and products. We work with the public and private sectors, and with professional associations.

All original research work produced by The Ethics Institute, including the Ethics Handbook Series, is freely available on our website.

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The Ethics Practitioners' Association (EPA) aims to be the recognised professional body for Ethics Practitioners. The purpose of the association is to promote the professional status, image and credibility of its members and provide accreditation, best practice principles, conduct standards and be a body of knowledge for its members.

The EPA's vision is: Empowering Ethics Professionals

The EPA does this by:

· being the recognised professional body for Ethics Professionals;
· promoting the professional status and integrity of its members;
· regulating the conduct of its members in line with professional standards;
· providing accreditation and being a body of knowledge for its members;
· promoting education and continuous development of its members;
· promoting and protecting the interests of its members;
· encouraging co-operation among its members;
· encouraging and promoting the practice of ethics in business and related fields;
· establishing, maintaining and promoting best practice for its members;
· encouraging and facilitating the exchange of information and ideas among its members and other stakeholders;
· promoting, supporting or opposing measures affecting the interests of the EPA and its members; and
· informing members of new developments and changes affecting best practice in the field of ethics.

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Praveen studied sports science and taught at high school, before working in the retail, hospitality and entertainment industries. He later studied and opened a forensic vetting company in Durban, before developing an interest in the work of Rushworth Kidder at the Institute for Global Ethics in Camden, USA, where he completed an Ethics Course in 2002. In 2005 he was appointed to the Ethics Institute of South Africa as Manager for Organisational Ethics where he consulted to private and public sector entities, both in South Africa and across Africa. He later joined SARS as a Senior Integrity Specialist. Praveen is currently a Director in the Integrity Management Unit at the NPA, responsible for Advocacy and Ethics Management. He has been part of the Justice Cluster's Anti-Corruption Task Team and the Department of Public Service and Administration Learning Forum, and is often called upon to assist other government departments in developing their ethics management infrastructure.

The Ethics Office Handbook

THE ETHICS INSTITUTE

Can ethics be managed in organisations?

If so, how, and who is responsible?

It is indeed possible to manage ethics, and there is a structured way to do so. Yet it requires a specific organisational function to do the job: a credible and competent **ethics office**. While many organisations realise that they could benefit from a formalised ethics management function, there is a great deal of uncertainty about where to start and how to proceed.

The purpose of *The Ethics Office Handbook*, the fifth in the Ethics Handbook Series, is to create a framework and guidelines for understanding what an ethics office can do to effectively manage ethics in organisations – and how. It contains a focus on the roles and responsibilities of the ethics management function and on the relationship between the ethics office and other functional areas.

The Ethics Office Handbook is primarily aimed at those functions in the organisation that bear responsibility for ethics management, and the people who work in these functions. The ethics governance and management structures that can benefit from this handbook include governing bodies, social and ethics committees, operational ethics committees, ethics task teams, and ethics offices.

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