The right thing

The recent news that various major South African construction companies were involved in anti-competitive behaviour, has highlighted the issue of ethics. Wilhelm du Plessis spoke to Cynthia Schoeman, managing director of Ethics Monitoring & Management Services about ethics.

What, in your view, caused the anti-competitive behaviour among South African construction companies that recently made headlines?

It is likely to be a function of industry culture in the sense that “co-operation about pricing” has become an accepted practice. As such, it is a subtle (not obvious) source of unethical behaviour – which does not lend itself to action as blatant unethical behaviour may. Therefore, in the absence of an organisation taking specific steps to monitor and manage their ethical behaviour, this can continue ‘undetected’ for a long while.

What are the key drivers of ethics?
The key drivers are values, rules, leadership and culture. Of these, the most impactful driver is leadership – hence the importance of being a good role model.

Values and culture are also really important because the values that are lived (not espoused) shape the organisation’s culture, which in turn determines behaviour and how things are done. Getting buy-in for shared values is very powerful because the buy-in reflects personal commitment – with the added impact that it represents a sustainable driver of behaviour.

Rules are essential but not sufficient. The limitation is that rules are aimed at achieving compliance. Therefore, in the absence of commitment, success often rests upon the quality of enforcement.

How closely are ethics linked to rules and values?

Very closely. In addition to leadership, these are the two key factors with which an organisation can work to impact ethics.

What are rules?
Rules are used to influence behaviour via an ‘obedience to the enforceable’ approach. Unless you are one of the few people who make the rules, they are, in effect, what someone else tells you to do. The successful outcome – and intended goal – of rules is compliance, i.e. doing something because you have to. This therefore does not necessarily lend itself to sustainable changes in behaviour.

Rules encompass the organisation’s code of conduct, policies and procedures; industry-specific rules or code of conduct; a professional code of conduct (e.g. for engineers); and the law.

What are values?
Values comprise beliefs, principles and morals which combine as the guiding principles of behaviour. They promote desired behaviours, and are a key determinant of the choices we make: good/bad, right/wrong, etc.

In organisations, I distinguish between moral values (e.g. honesty which have a right/wrong dimension) and business values (e.g. innovation).

The successful outcome of shared values is commitment i.e. doing something because you choose to/want to – which is infinitely more valuable and more sustainable than mere compliance.

With regards to the SA situation, what failed: values or rules?
I would argue that both failed. And, that the collusion charges are being levied at senior executives, suggests that it was a failure of leadership too.

Given these failures, the pertinent question is what mechanism(s) were (and are) in place to ensure the organisation stayed on the right path? What questions were asked? Does the company monitor its ethics?

Are the two (rules and ethical behaviour) interchangeable: do rules lead to ethical behaviour and does ethical behaviour lead to rules?
Rules are one of the factors in achieving ethical behaviour. Ethical behaviour lends itself to a reduction of rules. Unethical behaviour often gives rise to an increase in rules (consider e.g. how our body of laws continues to grow).

What are the essential values a construction company (or for that matter, any company) should have?

I consider the following to be essential core values for an organisation:

- Honesty/inegrity
- Responsibility, which can include accountability
- Fairness
- Respect
- Care. This value is often excluded. However, in the ‘triple bottom line’ world of today, this is essential. Care should be extended to the company’s stakeholders (which include not only employees, suppliers, etc., but also shareholders), the environment and the society/community in which the company operates.

Over and above that, the most important values are those that are actually lived and those that are shared. A gap between stated and lived values is very obvious and causes major organisational damage.

When there is unethical behaviour in a company, how is this minimised or rooted out?
The effective implementation of rules, the pursuit of shared values and good leadership role models are all important. But, overarching that, a company (and especially the leadership) needs to commit to the proactive management of ethics. This will require that a company has a good understanding of their ethical status (via a tool such as the Ethics Monitor survey) so that their actions are focused on the right issues and are achieving meaningful results.

You have said that ethical maturity and ethical boundaries are important in the above. What is ‘ethical maturity’ and ‘ethical boundaries’?

‘Ethical maturity’ measures whether ethical behaviour is driven by rules or values. While the behaviour concept considers is all ethical, it is desirable to move up the scale to increase the influence of values as a driver of behaviour.

‘Ethical boundaries’ measure to what extent a company practices its values and ethics, whether inclusively to all its stakeholders, or exclusively to only select stakeholders.